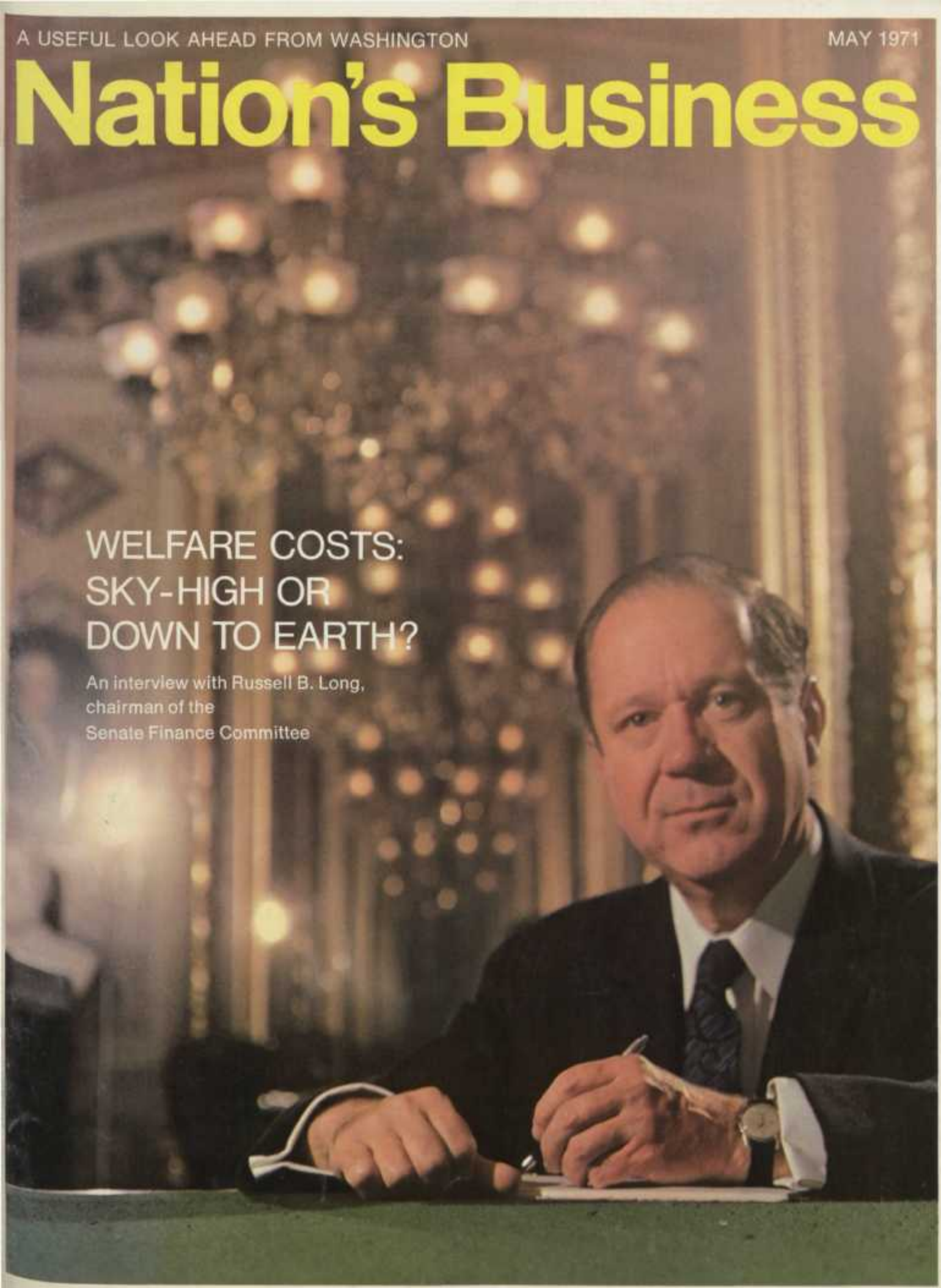
A USEFUL LOOK AHEAD FROM WASHINGTON

MAY 1971

Nation's Business



WELFARE COSTS: SKY-HIGH OR DOWN TO EARTH?

An interview with Russell B. Long, chairman of the Senate Finance Committee

The personal Rolls-Royces: $23,800, $32,200 and $34,600.



Silver Shadow Sedan $23,800

The Silver Shadow is a new kind of Rolls-Royce. A personal Rolls-Royce. It has been designed not for a chauffeur, but for the personal pleasure of the owner-driver.

Interiors are sybaritic. You ensconce yourself in deep bucketed seats covered with glove-soft English leather. The panelling is of rare Circassian walnut. The carpets are wool, trimmed with hide.

Air conditioning is standard equipment, and there is an unusual split-level ventilation system. You can warm your feet and cool your face at the same time.

A deferential driving seat provides eight different adjustments of height, reach and angle at the touch of an electric switch. The backs of the front seats, even the armrests on the doors, adjust individually.

Electric shift and friendly lights

The drive selector is electric, and effortless. The power steering is light but not numb. It has a reassuring feel. The whole car is only seventeen feet long. It turns full circle in little more than twice its length, and seems almost to park itself.

Press a button on the dashboard, and you can open the gas tank. Other knobs and switches let you balance radio speakers throughout the car, or raise the antenna, or control all the windows. On Sedans and Coupés, still another button controls 1,300 invisible wires that demist the rear window.

Scan the instrument panel and friendly lights tell you whether or not all is well with such essentials as fuel and coolant levels, oil pressure, or pressure in the power brake system.

You feel very safe

Monocoque construction provides a low center of gravity. A unique hydraulic levelling system keeps the Silver Shadow level, and its headlights correctly aimed, even with a full complement of passengers and luggage. This levelling system also allows very soft coil springs on all four wheels without giving you the nightmare feeling that you are driving a double bed.

The Silver Shadow's silence, even at 100 miles an hour, adds to your peace of mind. Even more reassuring is the triple hydraulic braking system. It operates the disc brakes like steel hands in velvet gloves. A special valve balances braking between front and rear wheels. You slow down as firmly and gracefully as you accelerate.

Personal preference

You can get the personal Rolls-Royce in three different body styles. The



Silver Shadow Convertible $34,600



Silver Shadow Coupé $32,200

Silver Shadow four-door Sedan is the standard. It costs $23,800. There are also two limited edition coachbuilt models. The Coupé, at $32,200. And the Convertible, at $34,600.

The bodies for these coachbuilt cars are almost entirely handmade by H. J. Mulliner, Park Ward, of London. Founded in 1770, this firm has been building custom bodies for Rolls-Royce cars for half a century.

Some of their techniques are old world indeed. They still devote a whole week's work to the panelling of a single Coupé, or to the tailoring of a single Convertible top. They apply as many as seventeen coats of paint to each car, and buff each coat by hand. They choose hides for the upholstery with extravagant care, selecting only one out of every five hundred. The rejects make expensive handbags.

Expose yourself to temptation

For more information, send 2 dollars for the Rolls-Royce catalogue, or $12.50 for the Rolls-Royce Owner's Manual. Either is a useful preliminary to visiting your Rolls-Royce dealer. Write to Mr. Lynn Perkins, Public Relations and Advertising Manager, Rolls-Royce Inc., Dept. 1015, Box 2707, Grand Central Station, New York, N.Y. 10017.

ROLLS ROYCE

Suggested prices P.O.E., exclusive of local taxes, if any. Slightly higher in Alaska and Hawaii. © Rolls-Royce Inc.

Oasis solves drinking problems

When water tastes funny it isn't funny.

We figure you should be able to enjoy your water straight. Without cloudiness. Without dirt particles, and even without the taste and odor of chemicals used to purify the water.

So we've come up with a remarkable filter for our water coolers. It takes out those unnatural tastes and odors. Traps any particle larger than 2 microns.

Now you can get a decent drink of cool water again. This optional filter can easily be attached to your present Oasis coolers. Better yet, order new Oasis coolers with filters.

Call your Oasis distributor. He's listed under "Water Coolers" in the Yellow Pages. Or write Ebco Manufacturing Co., known for "Quality you take for granted" in Oasis coolers, humidifiers and dehumidifiers, Dept. NB-2, 265 N. Hamilton Rd., Columbus, Ohio 43213.



OASIS®



Nation's Business

11 EXECUTIVE TRENDS
All you need to know about EDP but were afraid to ask; backing up the office force—and cutting it; how defensive driving pays off

19 PANORAMA OF THE NATION'S BUSINESS
An Indian entrepreneur makes it on his own; Equitable Life is "for real" on college campuses; Goodyear sells opportunity to servicemen

23 SOUND OFF: SHOULD THE RETIREMENT AGE BE RAISED?

26 A BIGGER HELP TO SMALL BUSINESS?
Thomas S. Kleppe, head of the Small Business Administration, scoffs at the thought that it is in a dying field, and hopes to increase its effectiveness

32 STUDENT TASTES SHIFT TO THE EXECUTIVE SUITE
A boom at graduate schools of business administration belies the theory that our economic system has become anathema to collegians

34 LESSONS OF LEADERSHIP: ARCHIE K. DAVIS OF WACHOVIA BANK & TRUST
A "dramatic step-up" is needed in local leadership by businessmen, says the new president of the Chamber of Commerce of the United States

42 SECRETS OF THE SUCCESSFUL GENERAL MANAGER
Usually, he enters the field between the ages of 35 and 45, has certain personal characteristics, and operates in line with certain basic principles

50 WELFARE COSTS: SKY-HIGH OR DOWN TO EARTH?
Some proposals, warns Sen. Russell Long, chairman of the powerful Senate Finance Committee, would mean mountainous increases in our welfare burdens

Cover photograph by Yoichi Okamoto

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions $26.75 for three years; Canadian $10 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices.

© 1971 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved.

Nation's Business is available by subscription only. **Postmaster:** please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.
Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. **Circulation Headquarters**—1615 H Street N.W., Washington, D.C. 20006. **Advertising Headquarters**—711 Third Avenue, New York, N.Y. 10017. **Atlanta:** James M. Yandle, 3376 Peachtree Road N.E.; **Chicago:** Herbert F. Ohmeis Jr., 33 North Dearborn Street; **Cleveland:** Gerald A. Warren, 1046 Hanna Building; **Detroit:** Robert H. Gotshall, 615 Fisher Building; **Houston:** McKinley Rhodes Jr., 2990 Richmond Avenue; **Philadelphia:** Herman C. Sturm, 1034 Suburban Station Building; **San Francisco:** Hugh Reynolds, 605 Market Street; **Los Angeles:** Duncan Scott & Marshall, Inc., 1830 West Eighth Street.

VOLUME 59
NUMBER 5
MAY 1971

PUBLISHED IN WASHINGTON, D. C., BY THE CHAMBER OF COMMERCE OF THE UNITED STATES, THE NATIONAL FEDERATION OF ORGANIZATIONS REPRESENTING MORE THAN FIVE MILLION BUSINESS AND PROFESSIONAL PEOPLE AND COMPANIES.

56 SAVING THE STATES FROM BANKRUPTCY
California Gov. Ronald Reagan writes about welfare reforms through which, he asserts, the poor can be helped without impoverishing states and localities

62 INDUSTRY'S UNTOLD MULTIBILLION-DOLLAR STORY
How can an employee be expected to appreciate the extra benefits his company gives him if he hasn't been clearly told what they are?

66 BRAINS ON THE SHELF
Awesome sums are still being spent on research and development, but there is want amid plenty; thousands of scientists and engineers are out of work

70 YOUR STAKE IN THE NEW POSTAL SETUP
The creation of what, hopefully, will be a thoroughly modern mailmen's service won't be inexpensive—and business will pay most of the bill

75 THIS MONTH'S GUEST ECONOMIST
A yardstick has to measure up, Willard D. Arant of Swift & Co. points out in a discussion of the Consumer Price Index's past, present and future

76 OUR TROUBLED COURTS: TWO VIEWS
A U. S. legal scholar calls for fundamental change while a British expert, in a companion article, compares his country's judicial system to America's

82 AGE IS ALL THE RAGE
There has been a surge of interest in buying products of bygone days

86 BUSINESS: A LOOK AHEAD
The laser's role in gigabits and clothing; a big future is seen for the commodity exchanges; more effective self-defense for defense contractors

88 EDITORIAL: A TRUE FABLE FOR TODAY
How government horned in on the trumpeter swans, and what followed

EDITOR
Jack Wooldridge

MANAGING EDITOR
Wilbur Martin

SENIOR EDITOR
Sterling G. Slappey

ASSOCIATE EDITORS
John Costello
Vernon Louviere
Henry Altman
Robert T. Gray
Grover Heiman
J. S. Butz Jr.

ART DIRECTOR
Ralph Patterson

ASSOCIATES
Richard C. Freund
Hans A. Baum

ART CONSULTANT
Yoichi R. Okamoto

ADM. ASSISTANT
Mary W. Davis

BUSINESS MANAGER
William W. Owens

ADVERTISING DIRECTOR
John H. Muhlke Jr.

NATIONAL CIRCULATION DIRECTOR
Thomas J. Ames

ASSISTANT CIRCULATION DIRECTOR
Harold E. Johnson

DIRECTOR OF MAIL SALES
Philip A. Sweeney

PRODUCTION MANAGER
W. Lee Hammer

ASSISTANT PRODUCTION MANAGER
Harry N. Miller

the world's largest maker of electronic calculators has just put one and one together.





the simplicity of an adding machine

the versatility of an electronic calculator

SEE THE WORLD'S MOST COMPLETE ELECTRONIC CALCULATOR LINE. PHONE TOLL-FREE (800) 631-1971 FOR NEAREST SHARP REPRESENTATIVE. IN N.J. DIAL (800) 962-2803. OR MAIL COUPON.



Sharp ELSI-8. The 26 oz. genius. Full functioning. Does mixed and exponent calculations. AC. Built-in battery & recharger. Sharp EL-8.

Sharp MICRO. Portable. AC. Only 3 pounds. Divides. Multiplies. Adds. Subtracts. Does mixed and exponent calculations. Sharp QT-8D.

Sharp MINI II. Performs successive multiplication and division automatically. Automatic decimal. 2 registers. 7.9 lbs. Sharp CS-121.

Sharp MIDI II. Full memory bank. 2 working registers. Constant key. Round-off. High visibility display. 7.9 lbs. Sharp CS-221.

Sharp MIDI. 14 digit capacity. 2 working registers. Round-off capability. Automatic decimal. Chain calculation. 11 lbs. Sharp CS-241.

Sharp MAXI. 16 digit capacity. Automatic drop-off. Dual decimal systems. Automatic squaring. Round-off, up and down. 16 lbs. Sharp CS-261.



THE SHARP "PRINTMASTER" IS PROBABLY ALL THE FIGURING EQUIPMENT YOU NEED. BECAUSE IT COMBINES ADDING MACHINE EASE-OF-OPERATION, ACCURACY AND RECORD-KEEPING WITH THE CAPABILITY AND VIRTUOSITY OF A SHARP 14 DIGIT, 3 WORKING REGISTER CALCULATOR. WITH MEMORY BANK. AND ROUND OFF/ ROUND DOWN. AND FULL CHAIN CALCULATION. ALL IN ONE MACHINE SMALLER AND LESS COSTLY THAN AN ADDING MACHINE AND A CALCULATOR OF EQUAL CAPABILITIES SITTING SIDE BY SIDE. IT PAYS TO PUT ONE AND ONE TOGETHER AND GET ONE—THE SHARP "PRINTMASTER" ELECTRONIC CALCULATOR (MODEL CS-641B).





Sharp MAXI II 2 memory banks. Full 16 digit capacity. Round-off capability. Chain calculation. Automatic squaring. 8-1/2 lbs. Sharp CS-362.

Sharp MAXI III Extracts square roots. 3 working registers. 2 memories. Chain calculation. Zero suppression. 14.5 lbs. Sharp CS-361R.

Sharp MAGNI. 6 memory banks. Square root. Sharp CS-361M. Sharp MAGNI II Plus programming. 16.5 lbs. Sharp CS-361P.

Sharp PRINTRONIC. Prints electronically. 1 moving part. 16 digits. 2 registers. Memory bank. Recall. 17.6 lbs. Sharp CS-662.

Sharp PRINTMASTER II. 2 full functioning memory banks. Prints on tape as fast as it operates electronically. Sharp CS-761.

Sharp Electronics Corporation, Dept. NB7 Paramus, N. J. 07652

Gentlemen: Please provide me full information on the full Sharp line.

SHARP

Name_____

Company_____

Street_____

City_____ State_____ Zip_____



Don't be remembered as the descendant who ruined the family corporation.

Protect it with key-man life insurance on yourself.

Are you the head of a family business?

Have you ever thought about what might happen to the business if something happened to you?

Our key-man life insurance can take this worry off your back.

With key-man life insurance from New York Life, your company is the beneficiary.

If something happened to you your company would receive cash to help tide it over the rough period until your next-in-line takes hold.

There could even be enough money to hire a good man to help your successor.

Your New York Life Agent can give you all the details. Call him. He's a good man to know.

Remember, your ancestors are watching.

NEW YORK LIFE

For a happier life

New York Life Insurance Company
51 Madison Ave., N.Y., N.Y. 10010
Life, Group and Health Insurance, Annuities, Pension Plans.

MEMO FROM THE EDITOR

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D. C. 20006

Do you want to be heard, as individuals, on broad issues of the day?

The answer is a decided Yes.

If we had any doubts about it, they were dispelled when—in order to learn and report your views on subjects that concern us all—we started our "Sound Off to the Editor" feature in September, 1968.

There was an outpouring of response that first month, and there has been an outpouring ever since.

Those who sound off on the monthly questions are from every section of the country and from every type of business, large and small. They are chairmen . . . presidents . . . independent owners . . . controllers . . . junior executives. . . . Many views come from executives' wives. Some even come from executives' children.

We frequently have been surprised at how close the division of opinion is on many questions. And more surprised at the near-unanimity on others.

For instance, there is growing debate over whether a college education has been oversold in our society. When we asked our readers for their opinions, the Yesses had it by a wide margin.

On another question, "Is Youth Today Really Worse?", an equally overwhelming majority said No. Sentiment also was preponderantly on one side (No again) when the question was whether ours is a "sick society."

Some questions touch a more responsive chord than others.

"Should Strikers Receive Welfare Aid?" in our March, 1971, issue drew a record number of replies (and a resounding No from the vast majority).

Others which drew particularly heavy responses—with Yes-No margins ranging from slim to wide—concerned abolition of the death penalty (No), Sunday sales by retailers (No), year-round daylight saving time (Yes), lightened marijuana penalties (No), curbing smut (Yes), restraining growing power of unions (Yes), and limiting terms of Supreme Court Justices (Yes).

• • •

Proposed questions for the "Sound Off" come from our editors each month at a round-table discussion in which they draw upon their considerable knowledge of what people are talking and thinking about. They acquire that knowledge not only in contacts with Congressmen and Executive branch officials here in Washington, but in meetings with businessmen, political leaders and other citizens all over the country.

On any given day, three or four of our editors are off on trips made to develop articles on subjects which we think concern our readers.

One such subject is the continuing debate over reshaping the nation's welfare system. Just about everyone admits welfare programs are doing a poor job of helping the poor. And at the same time, spiraling costs are causing nightmares for government officials—not to mention taxpayers.

Sen. Russell B. Long, chairman of the powerful Senate Finance Committee, has long been a staunch advocate of aid to the needy. But in an interview with *Nation's Business* editors (page 50) he talks about abuses in the welfare system and his fears that costs may go out of sight.

A view from a different level of government is offered by California's Gov. Ronald Reagan. He writes that unless there is a change in the welfare system, states will go bankrupt trying to support it.

The Governor's article for us grew out of a chat we had with him about the pressing problems that state governments face. It's on page 56.

• • •

Many of our articles stem from informal conversations with officials—and business leaders.

A leading businessman we know was complaining that his employees simply didn't seem to recognize they were receiving a lot more than just pay checks from his company. He wondered if they really knew what extra benefits they were getting, and what the benefits amounted to in dollar value.

We wondered, too—not just about his firm's employees but about employees in general. We looked into the matter, and our report on what we found—it's entitled "Industry's Untold Multibillion-Dollar Story"—starts on page 62.

Jack Wooldridge

The other telephone

The Other Telephone is Executone Intercom. No businessman should be without it.

Because The Other Telephone is the better way to communicate with people *inside* your company. You continue to use your regular telephone, but for *outside* calls only.

An Executone system quickly pays for itself, because it helps your business run more smoothly, cuts overhead costs, improves service to your customers.

Pick up your regular telephone now to find out more about The Other Telephone. Your Executone man will analyze your present telephone setup and come up with a recommendation. Or send in the coupon below for free portfolio, "How to Save with Intercom."



Executone intercom

Executone, Inc., Dept. F-1
29-10 Thomson Ave.
Long Island City, N.Y. 11101

☐ Please send free portfolio, "How to Save with Intercom."
☐ Have your representative phone for an appointment.

Name_____

Company_____

Address_____

City_____ State_____ Zip_____

In Canada: 331 Bartlett Avenue, Toronto.

LETTERS

IMBALANCE OF POWER

• Your March article on George Shultz states:

"Government's role, in Mr. Shultz's view, is to provide a mix of fiscal and monetary policy which encourages growth with stability. In that climate, he feels, bad decisions in the private sector bring their own penalties—a greedy management prices itself out of its market, a greedy union prices itself out of jobs."

Here are some excerpts from a letter I wrote to Mr. Shultz:

If this paragraph accurately reflects your view, and the Administration's position, it would appear to overlook one very large inequity: While it is quite true that a greedy management prices itself out of its market, a greedy union does not price itself out of jobs without first destroying the enterprise that is providing the jobs.

The bad decisions of management penalize management, shareholders and employees because the loss of markets brings the loss of jobs as well as the loss of profits.

If a bad decision is the result of greed for unreasonable profits, as the paragraph suggests, the decision usually is reversed before serious harm is done to shareholders or employees because the discipline of the free market quickly forces a reduction in price. Of course if the enterprise has a monopoly position in the market, this discipline does not occur; and it is for this reason that years ago we enacted legislation to break up existing monopolies and prevent the establishment of new monopolies.

What happens when a bad decision is made by a labor union—when it insists upon settling a new contract at a cost that fits the definition of "greedy"? The suggested penalty of a loss of jobs only occurs after management and investors have been penalized—when the enterprise has lost a significant portion of the market, or has been forced out of business.

It has been said that if such dire results can be expected from a "greedy" contract, management should have the wisdom not to agree to the contract. The point that most men in our government fail to recognize is that monopoly powers have been given to unions that enable them to force management to agree to demands whether they are unreasonable or not.

A strike can stop production and bring serious economic consequences to the enterprise immediately. A picket line can prevent the replacement of strikers.

Brute force can intimidate those who might desire to pass through a picket line.

While the company or enterprise is struggling with the consequences of such a work stoppage, those manning the picket line are provided with strike benefits often raised from voluntary and involuntary contributions of the employees of competing firms. When the strike is considered to be important enough to organized labor, the strike benefit funds might come from thousands of different sources that have nothing really to do with the employer or the strike issue.

To further unbalance the scales, governments at state, national and local levels provide various forms of subsidies to strikers which serve to minimize the economic consequences of striking and prolong the strike.

These subsidies take many forms including food stamps, welfare payments, and in some states unemployment compensation.

In other words, the disciplines of the free market do not work to force the correction of "bad" or "greedy" decisions made by unions until serious harm has been done first to the enterprise, its management and owners, and to the economy of the country.

If the Administration is to continue to fight inflation by fiscal controls, efforts to reduce government spending,

Your computer can help turn maintenance into a profit center. Better look into it.

If we could show you how to save thousands of dollars every year in plant maintenance—would you call that profit?

You bet you would. And we can. We have saved some companies well over $50,000 a year. All it takes is your computer facility and our MI/DAC concept. MI/DAC. Stands for Management Information for Decision and Control. By applying computer control to maintenance, you can uncover countless ways to save money throughout the plant.

In every operation; in every lubrication function; in every purchasing area. To reduce waste; to cut down handling costs; to stretch lube life; to reduce inventory.

And you'll buy less oil.

Which is all right with us. By selling less and less to more and more companies, we've become the biggest supplier of industrial oils in the country. Better look into it. Mobil Oil Corporation, 150 E. 42nd St., New York, N.Y. 10017.

Mobil®

We sell more by selling less.





"A Day's Work is Bigger Here!"

"I've worked in our plants across the country, and I've just never encountered people like we have here in Utah. They are intelligent and, frankly, do a bigger day's work than I've found elsewhere.

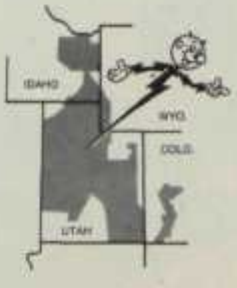
"The living here is great. Take your choice. Hunting, fishing, skiing or water sports in unspoiled mountain settings—great symphony, the church of your choice, live theater—and top collegiate and professional sports. They're all close by—no battling congested traffic. It takes only a few minutes to get home from the plant, or from events.

"All the advantages of the big city, yet freedom and ease of movement. Room to move and breathe.

"No wonder we have a more productive, more contented work force in this mountain area."

—W. J. Snoddy, Manager
Phillips Petroleum Company
Woods Cross Refinery
Woods Cross, Utah

Shouldn't *you* take a closer look?
Write for 28-page brochure
Treasure Chest in the Growing West:
Wayne F. Mulcock,
Director of Area Development,
Dept. G, P. O. Box 899,
Utah Power & Light Co.,
Salt Lake City, Utah 84110.



Utah Power & Light Co.

higher taxes, etc., thereby allowing the forces of the marketplace to have a dampening effect on business activity and prices, it is imperative to apply some technique to prevent our giant unions from using their monopoly power to force labor cost increases that require subsequent price increases.

C. H. SMITH JR.
Chairman of the Board
SIFCO Industries, Inc.
Cleveland, Ohio

On the other foot

• I am disappointed that no letter of comment appeared in response to the last paragraph of your February "Memo From the Editor" concerning labor law reform.

The facts and opinions concerning organized labor's awesome power cannot be expressed in such a small space.

We can never expect the public to call for labor reform, since the members of the general public are sheep in labor's flock. They are sheep because they need a job and without joining the union, they have no job.

Nor can we ever expect labor reform by the government for it would be political suicide for any politician to speak out against organized labor. The facts and results of Ohio's recent gubernatorial elections prove that.

Organized labor is a very real threat to our economic future and we shall not remove that threat until management organizes against labor and puts the shoe on the other foot.

DANIEL D. SAPP
President
Art Quality Cleaners
Mt. Vernon, Ohio

Try thinking Red?

• May I congratulate you on the article by Sen. Henry M. Jackson concerning negotiating with the Russians [April].

When do you suppose our lawmakers will realize that we cannot, in negotiating with another people, base our facts and methods of discussion on the way WE think rather than the way THEY think. Our whole foreign policy is so naïve along these lines!

All people do not think alike. And if we are to try to make our point anywhere else in the world we'd better learn to think, act and talk the way the people do with whom we wish to deal. Even 10-year-old kids know that much. Why not our so-called diplomats?

How we love to criticize the British on their bumbling foreign policy. But they learned how to negotiate centuries ago!

What the good Senator had to say needed saying, and I only hope enough others will assimilate it.

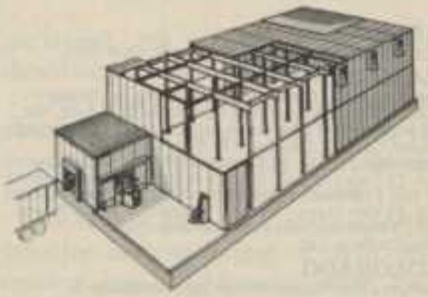
DONALD M. FAY
President
MSI Plastics Inc.
Grafton, Wisc.

Have career, can't travel

• "The Yank Banks Have Landed" [March] was most interesting and, to me, most sad. It indicates that I have directed my career *away* from an opportunity to travel abroad.

I have many associates who complain about their requirement to live in Paris, Milan, Rome, Madrid. And for years, I have attempted to gain European employment. Since when do bankers travel while management consultants and management gen-

BALLY
REFRIGERATED BUILDINGS
pre-fabricated/pre-engineered



FAST TO ERECT, EASY TO ENLARGE, SIMPLE TO RELOCATE, LOW IN COST

Can be assembled quickly in any width and length up to 36' high from standard urethane insulated panels. Structural steel or pallet storage racks designed for individual needs. Factory assembled refrigeration systems for every temperature requirement . . . as low as minus 40°F.

Bally provides engineering, drawings and specifications for foundations, weatherproof roofs and erection instructions for economical installation by local labor. Bally prefabs are considered equipment, rather than real estate, subject to fast depreciation. (Ask your accountant.) Write for literature.

Bally Prefabs are first in nation with Underwriters' Laboratories, Inc., 25 low flame spread rating.

© 1970 All rights reserved.

Bally

Bally Case and Cooler, Inc.
Bally, Pa. 19503

Address all correspondence to Dept. NB-5

Handbook for cost cutting executives.



Free brochure describes a copying/duplicating system that saves money, and still gives you better-looking copies, faster than any other method. If your office makes over 10,000 copies a month, you'll want to know how much you can save with a Quick Copies System. Ask for your free brochure today.

A·B·DICK.

We're in the Yellow Pages under copying and duplicating. Or write A. B. Dick Company, 5700 Touhy, Chicago 60648.

You can see the personal Rolls-Royce at any of these dealers.

ARIZONA
Scottsdale/Max of Switzerland Rolls-Royce

CALIFORNIA
Beverly Hills/Charles H. Hornburg, Jr. Motor Cars ☐ Costa Mesa/Roy Carver Rolls-Royce, Inc. ☐Los Angeles/Charles H. Hornburg, Jr. Imported Motor Cars ☐ Oakland/British Motor Car Distributors, Ltd. ☐ Pasadena/Peter Satori Co., Ltd. ☐ Sacramento/British Motors of Sacramento ☐ San Francisco/British Motor Car Distributors, Ltd. ☐ Van Nuys/"Bones" Hamilton Rolls-Royce Co. ☐ Walnut Creek/British Motor Car Distributors, Ltd.

COLORADO
Denver/The Kumpf Motor Car Company

CONNECTICUT
Farmington/Tyler Imported Motor Car Co.
Greenwich/Imported Cars of Greenwich

DISTRICT OF COLUMBIA
Washington/Flood Pontiac Company

FLORIDA Fort Lauderdale/Taylor Rolls-Royce, Inc. ☐ Miami/C. R. Berry Rolls-Royce, Inc. ☐ St. Petersburg/Scarritt Motors, Inc. ☐ West Palm Beach/Taylor Rolls-Royce, Inc.

GEORGIA Atlanta/Mitchell Motors, Inc.

ILLINOIS
Evanston/Evanston Rolls-Royce, Inc.

INDIANA Zionsville/Albers Rolls-Royce

KENTUCKY
Louisville/Sam Swope Pontiac, Inc.

LOUISIANA New Orleans/Sport Cars, Inc.

MARYLAND
Glen Burnie/Gladding Rolls-Royce, Inc.

MASSACHUSETTS
Boston/Foreign Motors, Inc.
Natick/Foreign Motors West, Inc.

MICHIGAN
Detroit/Falvey Motor Sales Company

MISSOURI
Kansas City/Max Griffith Oldsmobile, Inc.
St. Louis/Gruet Motor Car Company

NEBRASKA
Omaha/McKenzie Pontiac, Inc.

NEVADA Reno/Modern Classic Motors

NEW JERSEY
Montclair/Imported Motor Car Co.

NEW YORK Glen Cove/Rallye Motors, Inc. ☐ New York/Peter Zage & Co. Ltd. ☐ Palmyra/Palmyra Motors, Inc.

NORTH CAROLINA
High Point/Transco, Inc.

OHIO
Cincinnati/Williams Ford Sales, Inc.
Cleveland/Qua Buick, Inc.
Columbus/Konner's Chevrolet Corporation

OREGON
Portland/British Motor Car Distributors, Inc.

PENNSYLVANIA ☐ Philadelphia/Keenan Motors, Inc. ☐ Sewickley/Ascot Imported Cars, Inc.

RHODE ISLAND
Providence/Inskip Motors, Inc.

TENNESSEE Nashville/E. Gray Smith

TEXAS Austin/Roy Butler, Inc. ☐ Dallas/Overseas Motors of Dallas ☐ Fort Worth/Overseas Motors Corporation ☐ Houston/Sam Montgomery Oldsmobile Co.

VIRGINIA Richmond/Mooers Motor Car Co.

WASHINGTON
Seattle/British Motor Car Distributors, Inc.

Mr. Lynn Perkins
Public Relations and Advertising Manager
Rolls-Royce Inc., Department 1015
Box 2707, Grand Central Station
New York, N.Y. 10017

☐ I have enclosed $2. Please send me the catalogue on the personal Rolls-Royce.

☐ I have enclosed $12.50. Please send me the catalogue and Owner's Manual on the personal Rolls-Royce.

Name_____

Address_____

_____ ZIP #_____

LETTERS *continued*

eralists do not? Perhaps one of your kind readers may offer an opportunity to gain employment on foreign soil.

EDWARD J. BURKE
Edward J. Burke & Associates
Madison, Wisc.

Economists with solutions

• Re the "Guest Economist" article by Carl H. Madden, economist for the Chamber of Commerce of the United States, entitled "Mixing Politics and Economics" [March]. I liked what he said as far as he went, but I believe he should give some solutions.

We don't need political economists' opinions; these men are not true economists. A true economist is strictly a factual man who gives his opinions and lets the chips fall where they may.

GERALD HARDY
Owner
Hardy Investment Co.
San Francisco, Calif.

• The gross national product is projected to be some $1.065 trillion and there are some 205 million people in this country.

This means that in the total flow of the trading medium, after however many times it turns over, there is some $5,195 per person.

Now, let's say the population increases 2 per cent. Why should not the trading medium immediately increase 2 per cent? You could gear the available money supply to the population counter in the Census Bureau and readjust it after each census.

Think about this for a while. It really is nowhere near as complicated as some people think.

The additional amount of trading medium would be the automatically correct amount to be used for the jobs that would need to be created to provide the goods and services for the increase in people. This job creation is what we are really talking about when we have some percentage of unemployment which is greater than an accepted norm (4 per cent or so).

JAMES L. KISSEL
Rapid City, S. Dak.

Confidential note

• I find a portion of Norman Sigband's article, "How to Meet With Success" [March], extremely offensive to me, personally, and as a member of a group.

He says, "If a secretary takes notes, this may inhibit discussion since anything the participants say today may be well known in the typing pool tomorrow."

Neither I, nor any executive secretary I am acquainted with, would repeat—to the typing pool or to anyone else—something heard on a confidential basis from a superior. A person who would is not, or should not be, a secretary.

I feel fortunate that my company does not share this particular prejudice with Mr. Sigband. My boss agrees with me that notes taken by a secretary are likely to be much more complete and accurate than those taken by someone not used to the task, i.e., a participant in a conference such as the one described.

PEGGY ARMSTRONG
Brookline, Mass.

changing your address?

Whenever you write us about your subscription, please include the latest address label for prompt service.

Please attach the latest address label from your Nation's Business cover in the space above, print your new address, and mail this form to Nation's Business. Important: Allow five weeks for address change.

_____ name

_____ co. name

_____ address

_____ city state zip code

NATION'S BUSINESS, 1615 H STREET N. W., WASHINGTON, D. C. 20006

EXECUTIVE TRENDS

BY JOHN COSTELLO
Associate Editor

- ABC's of EDP
- Office reservists
- Job-hunter's manual
- Saving lives and dollars

Tearing down a Chinese wall

Remember 1954?

That's when the computer crept from the campus onto the business scene.

Most of today's top managers, of course, arrived even earlier.

"As a result," one authority says, "there's a generation gap.

"The business computer's 17; the boss is 50."

In other professional areas, the executive knows his way around. Says Leighton F. Smith, an executive at Arthur Andersen & Co.:

"He understands accounting, marketing, manufacturing and engineering. So he's able to communicate with those departments—and control them.

"Unfortunately, there is no such two-way communication between him and his data processing professionals."

Mr. Smith, author of "An Executive Briefing on the Control of Computers," warns that the gap must be bridged.

"Computers are used in every industry," he says, "for thousands of purposes. They've become a major cost of operations.

"These costs can't be measured just in dollar outlays for hardware and payroll.

"They must be reckoned also in terms of lost profits or competitive advantages if the computer department is not used to full potential."

Here are some questions, Mr. Smith says, that top management should ask about its own computer experts:

- Can they make objective decisions with a good perspective of the overall corporate viewpoint?
- Can they communicate without falling back on EDP jargon?
- Do they understand the organization's decision-making process?
- Do they show deep interest in the company's affairs?
- Are they aware of the outside influences that affect the company's business?
- Were they recruited from inside the company—as well as outside?
- Are they creative? Do they come up with new ideas on how to solve business problems?

One tip-off on how you and EDP are doing, Mr. Smith says, is this:

"If the bulk of your computer's time is spent on bread and butter applications in the controller's department, it's not being used as a dynamic business tool."

The Data Processing Management Association, which celebrates its twentieth birthday this year, is the publisher of Mr. Smith's book.

DPMA is dedicated to promoting broader understanding of data processing, and a spokesman says: "We think the book's a significant contribution on a subject of considerable interest to top management."

Backup for the office force

"We're understaffed," the office manager gripes.

"Every day this week, someone's been out with the sniffles—or sunburn. The paper work's piling up."

He may be right about the paper work—but not necessarily about the size of the staff.

So says Paul B. Mulligan & Co., Inc. It recommends that for every



seven full-time clerks and typists on the payroll, you should have another to cover normal absences.

"We've tested that rule in banks, insurance companies, manufacturing firms and service organizations all over the country," says Richard L. Ganzi, president of the New York consulting firm.

"It's proved remarkably accurate."

Should you rush out and hire another guy or gal for every seven white collar workers?

"Nope," Mr. Ganzi says.

"We also found that most offices are at least 25 per cent overstaffed.

"By using accurate work measurements, cross-training clerks to do several jobs and redistributing duties, the office with 35 employees can be run with 21—plus three for backup.

"Then they could get along comfortably with 24."

Needles in your own haystack

Some day, Omark Industries may need a glass blower—or a tree surgeon.

If so, the big West Coast manufacturer knows just where to find them.

They're already on the payroll—although in different capacities.

"Guys like that are rather rare birds," says Roger Wagner, Omark's director of industrial relations.

"We'd never have known we had them—except for our electronic talent bank."

Last year, Omark interviewed all 1,000 employees of its saw chain division. It got data on each man's hobbies, training, education, earlier work experiences and job preferences.

Then it fed all that dope into its computer. Much of it was previously buried in personnel folders.

"But it was hard to find—and easy to overlook," Mr. Wagner says.

"Now, we can mine our entire lode of hidden talents in a matter of minutes."

Not long ago, the company needed an advertising coordinator—someone who could do layouts, design brochures and work with printers and graphic arts experts. One of its draftsmen, it found, neatly filled the bill.

It discovered some other unsuspected skills in its employees. Among them were a radio announcer, an antique appraiser, a biologist, a clergyman, two gambling dealers, an artists' model, an aerial photographer, a ski instructor and a skin diver.

Recently, the firm's construction tool division joined the electronic talent bank. Later, all the rest of Omark's employees may do so.

"We've had some fringe benefits," says Lester Jenkins, corporate manager for personnel development.

"We got to know each other better. And employees were pleased by the interest the company showed in them."

continued

THE Peterson Group™



Can truly *functional* furniture be beautiful too? And can you have luxury on a budget? Trust Vogel-Peterson—the innovators—to bring you positive answers in the new Peterson Group—beautiful, versatile modular furniture around which you can create individual or multiple office efficiency centers.

Rich, hand-rubbed walnut with polished chrome or understated black accents is used in coordinated units that provide an almost limitless variety of combinations to meet your own personal requirements.

Want to see the Peterson Group in all its beauty and variety? Write for brochure "The Peterson Group"



VOGEL · PETERSON CO.
Dept. 885, Elmhurst, Ill. 60126
NEW YORK SHOW ROOM • 205 LEXINGTON AVE.



An Announcement to the Citizens of America Concerning an Important New Series of Medals

GREAT PATRIOTS OF THE UNITED STATES



A Registered, Limited Edition of 36 Hallmarked Proof Medals Honoring America's Great Patriots... Strictly Limited to One Set for Every 10,000 Americans... Available Only by Advance Subscription.

OUR HERITAGE PRESERVED IN FINE MEDALLIC ART

Great nations do not just happen. A country's greatness is created by the dedication and sacrifice of its people. Among the thousands who have given so much, a special few stand out because of their conspicuous deeds of valor and love of country.

It is to create an enduring monument to these Great Patriots that this series is being issued.

MEDALS TO BE CHERISHED BY EVERY AMERICAN

Renowned American medallists have worked for months to create hand-engraved master dies for the minting of this Charter Edition. The front of each medal will carry a meticulously engraved portrait of the patriot honored; the reverse will depict a scene that best captures the spirit of that man's patriotism. These beautiful medals—struck with a rare, mirror-like proof finish — will be available in platinum, sterling silver or bronze; and each will measure a large 39mm (1½") in diameter.



Typical Reverse (Actual Size)

A MILESTONE IN AMERICAN MINTING

The commission for this series has been awarded to the Osborne Coinage Company of Cincinnati, Ohio — the oldest private mint in America. The Osborne mint has carried on a distinguished 135-year-old tradition of striking medals important in the history of our nation — including official medals used by Abraham Lincoln in his Presidential campaign. Only an institution of this historic stature is worthy of the commission to strike this important series.

YOU MUST ACT PROMPTLY

To assure the rarity so important to collectors — and to make this series **an even more valuable investment** in the years to come — **only one set for every 10,000 Americans can be minted.** There will be a limit of one set per subscriber. Charter subscribers will also be **guaranteed a fixed price** for the complete series — most significant in today's inflationary climate. Charter subscribers will thus have the unique satisfaction of **owning a private treasury of precious metals.**

Subscribers will receive a custom, hand-crafted display album at no extra charge.

The Danbury Mint is not affiliated with the U.S. Mint or any other governmental agency.

ADVANCE SUBSCRIPTION APPLICATION • LIMIT ONE SET PER SUBSCRIBER

the Danbury Mint

ONE GLENDINNING PLACE
WESTPORT, CONN. 06880

Please enter my subscription for the Charter Edition of the Great Patriots . . . to be issued two medals per month. I wish my set to be struck as follows:

(CHECK ONLY ONE)

- ☐ Solid Bronze @ $4.25 per medal.
- ☐ Sterling Silver @ $8.50 per medal.
- ☐ Solid Platinum @ $750.00 per medal.

I enclose payment (check or money order) for the first month's shipment of two medals ($8.50* for Bronze; $17.00* for Silver; $1500.00* for Platinum). My remittance will be returned if my application is received after the subscription rolls are closed.

Make check or money order payable to **The Danbury Mint**

*Conn. residents add 5% sales tax

Mr.
Mrs.
Miss_____

Address_____

City_____

State_____ Zip_____

It'll look beautiful on your P&L statement, too.

To the man behind the wheel, it's those smooth lines which make Oldsmobile's Cutlass Supreme the most beautiful sales aid going. But to the man behind the ledger, it's an "inner beauty" that comes shining through.

You see it in built-in investment protectors like front-fender liners that ward off rust. An exhaust system that's completely aluminized to resist corrosion. And bias-ply, belted tires that improve traction and last longer.

You also see it in the name—Oldsmobile, which traditionally has meant a dollar bonus when you trade. And that trade-in value becomes all the more meaningful when you consider that Olds Cutlass is priced right down with those low-price names.

Other features that make Olds Cutlass look beautiful on paper include:

- Engines that run on no-lead, low-lead or regular gasoline.
- New anti-corrosion battery for sure starts, long service.
- Dual-Master-Cylinder Brakes that are self-adjusting.
- Steel side-guard beams in all doors for protection.
- Positive Valve Rotators to cut valve maintenance problems, increase engine life.
- Anti-theft steering column lock to protect your investment.



Like more details on an Olds fleet? Write: Fleet Sales Manager, Oldsmobile Division, Lansing, Mich. 48921.



EXECUTIVE TRENDS

continued

Blumats, Aquapacs and Dri-tinis

Hate to travel and leave loved ones behind? Like the petunia plant you got from Aunt Priscilla?

McLeod's Travel Aids, of Fremont, Ohio, sells products which can solve your problems—if anything can. Like Blumat. It waters your plants for months while you're away. Feeds 'em too, if you add liquid fertilizers. $1.95.

Skittish about drinking water abroad? McLeod's Aquapac is portable (15 ounces) and purifies up to 20 gallons of H_2O with a disposable filter cartridge. It's $19.95, plus $6.95 for extra cartridges.

Perhaps you don't like to drink water at all. Then the Dri-tini may be just what you're looking for. It's a travel kit ($5) containing two aerosol dispensers, each good for 200 metered sprays of concentrated essence of lemon peel and vermouth. Carry a bottle of gin or vodka, and you can skip water entirely.

The one-stop travel shop has a 32-page catalog of novel items from barometer-thermometer-clocks to travel bags for Towser or Tabby. Write the company at P. O. Box 606, Fremont, Ohio.

Gunslingers, the old guard—and big sugar

So you have a great idea, but you need someone to bankroll it.

Would you believe that there are a lot of people who might?

Here are things professional investors look for:

1. The new company's product line should be large enough to grow considerably—if successful.
2. The first products should be superior enough to give the firm a big edge on the competition.
3. Management must be able to handle a successful operation.
4. It must also have the desire, drive and sophistication to build big—rather than think small.
5. It must be deep and flexible enough to deal with adversity—and develop alternate plans if the original one flops.
6. The firm's key strength—tech-



Remodelling your building? Constructing a new one? Let DeVac supply the windows. And install them.

AND WE'LL INTRODUCE YOU TO A UNIQUE NEW SYSTEM THAT *AUTOMATES* WINDOW-WASHING CHORES!

So you'll save maintenance time, money and manpower. We call it our Automatic Sash Washer. It's portable. It's convenient because your windows can be cleaned at night. And it's the best way to keep the best metal windows clean: DeVac windows. Guaranteed for 10 years. Unconditionally.

PLEASE SEND US THE COUPON FOR FULL DETAILS.

DeVAC

Dealerships available in selected areas

DeVAC, INC. 10172 Highway #55 Minneapolis, Minnesota 55427

- ☐ Please tell me more about DeVac Windows and the Automatic Sash Washer.
- ☐ I'd like a sample window installation.
- ☐ Survey for estimate

NAME_____

TITLE_____

ADDRESS_____

CITY_____ STATE_____ ZIP_____ PHONE_____

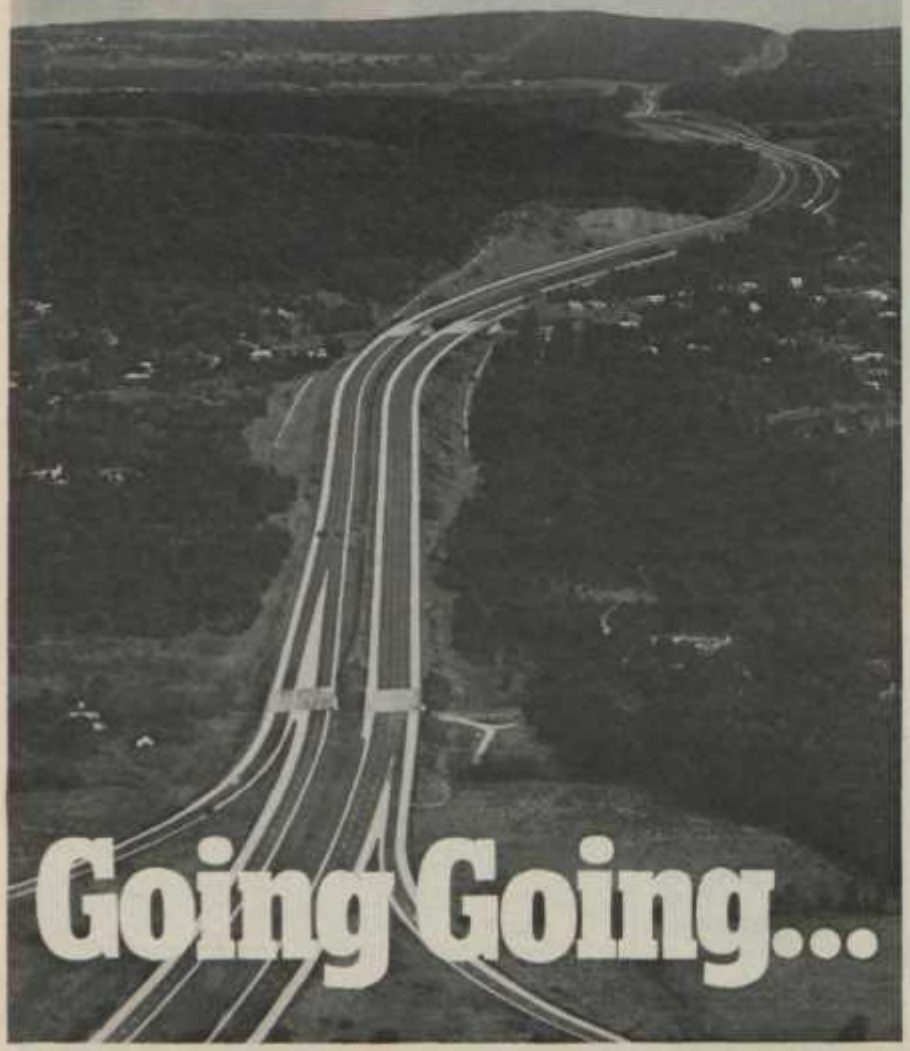
The new Keystone Shortway opened up hundreds of low cost, prime plant sites

The new Keystone Shortway (Interstate 80 in Pennsylvania) turned thousands of acres across Penelec territory into choice plant sites. Sites adjacent to the fastest route between New York and Chicago. Sites that sell for a song right now. In an area with an available work force, excellent labor relations and low cost 100% financing for plant construction. But sites have been going, going fast. Before they've gone, contact Bill Jamieson at (212) WH 3-5600. Or write him at GPU Site-Service, Dept. EE-3, 80 Pine St., New York, N.Y. 10005.

GPU ELECTRIC POWER COMPANIES

GENERAL PUBLIC UTILITIES CORP.

Metropolitan Edison Co.
Pennsylvania Electric Co.
New Jersey Power & Light Co.
Jersey Central Power & Light Co.



EXECUTIVE TRENDS

continued

nology, marketing or manufacturing—must be impressive.

7. It should be able to generate new money in big enough hunks to meet its needs as it grows.

Last, but not least, the rewards for the backer must be rich enough to offset the risks he runs—and outshine alternate investment opportunities.

If you meet these stiff standards, you'll find lots of purses open to you, say contributors to "The Strategy of Corporate Financing."

The new book lists sources of venture capital—gamblers, "gunslingers," mutual funds, institutional investors, and the "old guard."

Each group has its own peculiar needs, the book says.

For example, gunslingers want a company whose stock will soar. The old guard is made up of wealthy families or individual venture firms that have been operating since the mid-'40s.

They like to invest on a straight equity basis.

But all are willing to fork up, if the entrepreneur can fill the bill.

Some selling aids from BOAC

Want to sell something in Britain—or on the Continent?

British Overseas Airways Corp. extends a helping hand.

"Just tell us what kind of prospects you'd like to see—and we'll dig them up for you," a spokesman says.

One request was for British firms that provide lubricating oils for the engineering industry.

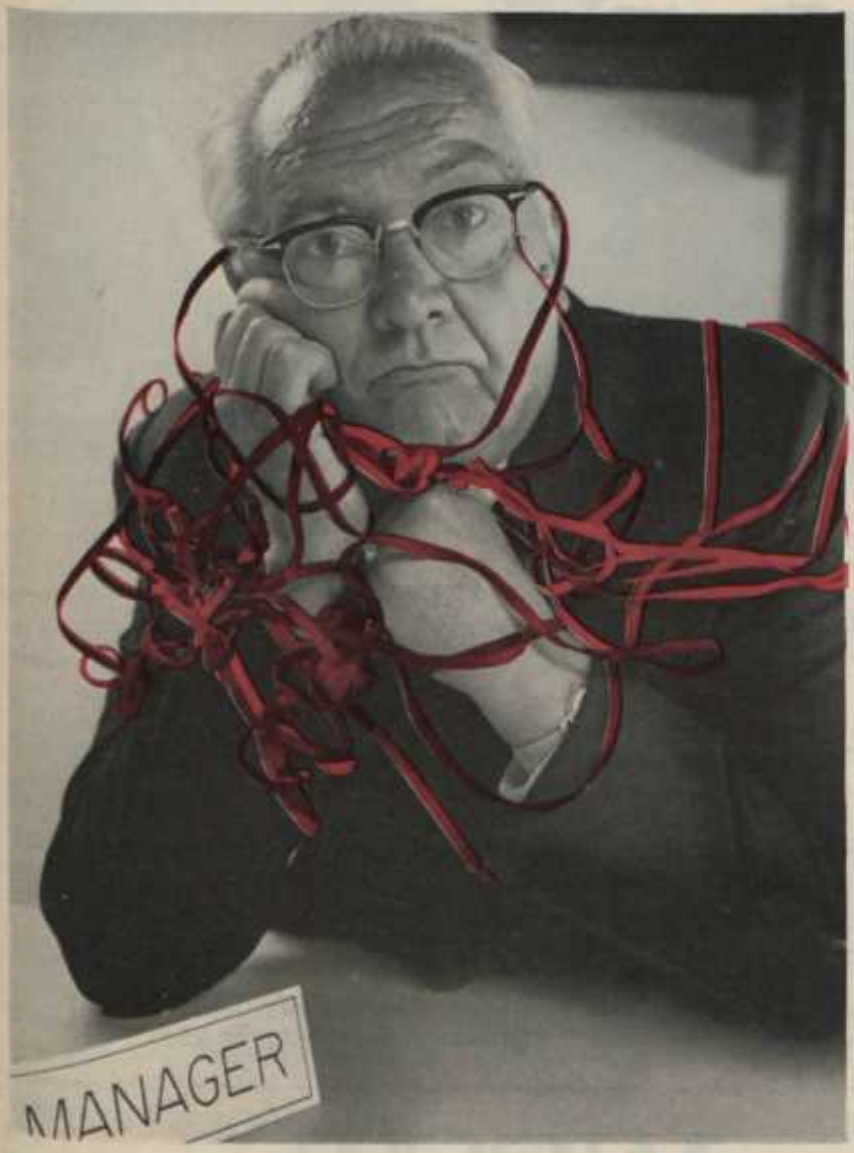
BOAC came up with a list of eight that handle more than 20 trademarked products.

For each firm, it gave the following information:

- Name, address, principal officers and sales director.
- Nearest airport and railway station.
- When the firm was started and how many it employs.
- Principal trade names, trademarks, products and services.

"We run it off from a computer data bank that covers virtually every industry in the countries we serve," a spokesman says.

He would like to help you solve your truck fleet problems but...



...all you get is red tape when you need a quick decision. This local manager of a chain leasing company has to check with his district manager...who has to check with the regional manager...who has to get approval from the "Home Office" on anything but a routine lease. *And who has a routine lease?*

Why not start at the top?

Start with your *local* NATIONALEASE manager. He *IS* the decision-maker and can be right there when you need him—in your office.

Invite him over soon. He's listed in the Yellow Pages. Or write to the address below for a complete list of NATIONALEASE Servicenters and a full-color brochure outlining the advantages of the NATIONALEASE way.

Rent or Lease the new full line of CHEVROLET Trucks



National Truck Leasing System

Suite N-5 / 23 East Jackson Boulevard / Chicago, Illinois 60604

NationaLease

New plants get tax credits of up to 50% a year, for 10 years, in West Virginia



"West Virginia's year-old tax investment credit is dollars-and-cents evidence of the favorable business climate in our state," says Governor Arch Moore. "During the past year a number of major industrial concerns have cited this investment credit as a determining factor in their choice of West Virginia. Because the tax investment credit is granted for a 10-year period, new members of our industrial community can plan ahead with the assurance of total tax stability."

Arch A. Moore, Governor

To increase the profit potential of your next plant, investigate the tax investment credit now available to new and expanding facilities in West Virginia. This business incentive cuts taxes up to 50% a year for 10 years to help make a new plant profitable from the start —to make amortization easier—and to make stockholders happy. Prove for yourself that a move to West Virginia is a wise move. Phone 304/348-2234.

Contact: Lysander L. Dudley, Sr., Commissioner, West Virginia Department of Commerce, Room E-402, State Capitol, Charleston, West Virginia 25305.

Go all out for profits in **WEST VIRGINIA**

EXECUTIVE TRENDS

continued

New directory to the states

Looking for a boiler manufacturer in Alabama?

Or an industrial site in Vermont?

There's a new booklet that will help you find the answers to a host of questions like these.

It lists industrial directories and other sources of information for all 50 states—plus the District of Columbia and Puerto Rico.

The booklet is the 1971 edition of a directory compiled by the State Chamber of Commerce Department of the Chamber of Commerce of the United States.

Price: 40 cents a single copy, less in larger quantities. Title: "Sources of State Information & State Industrial Directories."

How to get money for customers

An Alabama instrument-maker had high-priced, high-power electron microscopes to sell.

The company knew hospitals and universities would snatch the product up. Provided they could afford it.

But few had the money.

"How can we help them find some?" the company wondered.

It went to Applied Urbanetics, Inc., in Washington, D. C. That firm has, in a local Honeywell computer data center, a complete catalog of federal grant-in-aid programs.

Electronically, it can riffle through thousands of them in a split second.

It quickly found not one, but 12 ways for colleges and hospitals to buy microscopes—with Uncle Sam's money.

The sales manager, whistling happily, went off with the list.

A California land developer wanted to build a recreation area in the Far West.

"Any chance Washington will help bankroll me?" he asked.

Applied Urbanetics found seven federal programs that might. Interior Department had two; Agriculture Department had five.

"Actually," says Alan Paller, vice president, "we started the firm to help cities through the thicket of federal aid programs.

"But some businesses have discovered us, too."

Like the West Coast hydrofoil maker.

"Any federal programs that will help me sell hydrofoils?" he asked.

Sure enough, there are—as part of aid for urban transportation systems.

To switch jobs —or to find one

What's the toughest job in the world?

Finding one.

That's what many executives learned when business slumped last year.

But like any other business challenge, there are tried and true ways to tackle it.

For example, should you answer help wanted ads—and when?

Who runs blind ads, and why?

Can you answer them without running the risk of having your own firm find out you're job-hunting?

These are some of the questions answered in an excellent new book, "The Professional Job Hunting System" ($14.95. See NATION'S BUSINESS Books, page 83).

Don't answer ads at once, it advises.

A Sunday ad, which draws 250 resumés, will get this typical response:

Monday—15 resumés.

Tuesday—80.

Wednesday—75.

Thursday—40.

Friday—10.

Later, 30 resumés.

Usually, early birds are less likely to get the worm. They arrive just in time to get lost in the competitive shuffle.

Most firms rarely fill good jobs in haste. They like to look over the field.

Candidates screened first are almost always put on "hold." Those interviewed later see the guy who hires when it's closer to the time for his decision.

Sometimes, the last seen are best remembered.

The book lists most major execu-

fed up with anti-industry attitudes?

SWITCH

Northwest Florida Loves Industry!

Some people just can't stand prosperity!

If their anti-industry attitudes are plaguing YOU . . . why not SWITCH? Northwest Florida loves industry and welcomes business (and provides all of the elements for successful operation, including a year-round outdoor playground).

Write Gulf Power Company for details about choice sites and opportunities along the Gulf of Mexico Miracle Strip.

Good living is good business. You'll get both in Northwest Florida. Making the SWITCH can be the best move of your life!

For Information About Northwest Florida Write:
W. L. Allen
Area Development Representative
Department B
Gulf Power Company
P. O. Box 1151
Pensacola, Florida 32502

GULF POWER COMPANY



Last year ROTC produced 12,000 highly trained, dedicated civilians.

ROTC's basic job is producing officers for the Army, the Air Force, the Navy and the Marines.

And it does. More than 23,000 young men last year.

Coming from college campuses, these men brought fresh approaches and new thinking to the military establishment.

Something else happened last year. Nearly 12,000 ROTC-trained officers returned to civilian careers.

Coming from military service, they brought maturity, technological know-how and leadership ability to the economy.

They were welcomed by employers, government agencies and anyone else needing men who know how to organize jobs and get things done.

ROTC is a unique national asset. When you think of it as a proven way to produce good officers, remember something else.

It's also a proven way to produce good civilians.



Presented by this magazine as a public service in cooperation with the Department of Defense, Washington, D.C. 20301.

EXECUTIVE TRENDS

continued

tive search firms, placement agencies and job counselors. It has helpful tips on how to write resumés, draft letters of application, take tests and handle interviews.

It's expensive, but a good investment.

Saving lives— and dollars

C.I.T. Financial Corp. discovered how.

In 1967, its company cars averaged 1.6 accidents per 100,000 miles logged on their speedometers.

So C.I.T. worked up a program to teach defensive driving to the 3,000 of its employees who have company cars.

Last year, their accident rate was down to 0.89 per 100,000 miles.

C.I.T. is saving $70,000 a year in out-of-pocket accident costs—plus $30,000 on insurance premiums.

"The program cost us less than $15,000 to start," a company spokesman says. "And it's maintained for less than $1,000 a year."

It's a two-part program:

1. A 115-page test that stresses the importance of defensive driving.

2. A follow-up on each accident involving a company car by a C.I.T. Safe Driving Committee.

In Ponce, Puerto Rico, an auto turned left in front of a C.I.T. company car.

The C.I.T. driver blew his horn and kept going.

"I had the right of way," he said.

The two autos collided, resulting in $1,321 worth of damage to the company car.

C.I.T.'s Safe Driving Committee handed down this verdict:

Rated preventable. Driver should have anticipated this situation.

"We rate the accident for the driver's benefit—not for legal purposes," a company spokesman says.

"We stress his duty to drive defensively and avoid crashes."

More than 50,000 Americans are killed in auto accidents each year.

"We hope programs like ours will help curb the slaughter," C.I.T. says.

INTRODUCING THE LOWEST COST, QUALITY BOOK COPIER SINCE THE MIDDLE AGES.

The Royfax 1400 is the first compact electrostatic copier made to sell for less than $700.

It's also very economical to operate. It's been simplified, so it won't give you mechanical troubles. And it takes up only a little more room than an office typewriter.

Because of all these outstanding features, the Royfax 1400 is a copier that meets many needs for many people.

For example, many larger businesses will find the Royfax 1400 an ideal personal copier for executives. No longer will secretaries have to leave their desks (and telephones) to wait in line for copies. And the copies they'll get will be as sharp and clean as those you expect from machines costing far more.

The Royfax 1400 is also the logical choice for small and medium volume offices where, until now, the use of a book copier was prohibited either by high cost or low quality.

For a demonstration, or more information, contact the Royfax sales office or dealer listed in the Yellow Pages. Or, just use the coupon. We'll prove a copier doesn't have to be big and expensive to be good and reliable.

Royfax, Royal Typewriter Company
Division of Litton Industries
150 New Park Avenue, Hartford, Connecticut 06106

☐ Please have your representative call me.
☐ Please send me the literature on the Royfax 1400.

Name_____

Company_____

Address_____

_____

Phone_____



ROYFAX 1400

Litton

It picks up everything in a room except the furniture.

This new Panasonic portable cassette tape recorder picks up a whisper at 20 feet. And gives it back loud and clear. Like it came from inches away.

Because there's a condenser mike built inside. The same super-sensitive kind you find in recording studios.

Since the mike's built in, it won't stare you in the face. So it's made to order for meetings. Everyone can relax. And get right down to business.

You can even take the RQ-222AS out to lunch. Without missing a word. Just pull the plug from the unit. And the batteries take over automatically.

When you come to the end of the tape, the record button pops up with a "click." And all systems stop automatically. Which eliminates tape damage. And saves battery life.

When the meeting's over, you can edit it. Right on the syllable. Using the built-in digital counter. Or get the optional RP-922 stop-and-go foot-button control. And make it easy for your secretary to put it all down on paper.

Like other good things, the RQ-222AS comes in a small package. With separate controls for volume and tone. And VU/battery meter. It includes earphone, carrying case, pre-recorded cassette and powerful Panasonic Hi-Top batteries. An optional adapter (RP-915) for car or boat is also available.

See the RQ-222AS at your Panasonic dealer. It has everything it takes to pick up everything. Whisper and find out.



PANASONIC.
just slightly ahead of our time.

200 Park Avenue, New York 10017. For your nearest dealer, call 800 631-4299. In N.J., 800 962-2803. We pay for the call. Ask about Model RQ-222AS.

PANORAMA
of the nation's business

By VERNON LOUVIERE
Associate Editor

Making it on Your Own, Navajo-Style

In 1960, Fleming D. Begaye took his accumulated savings of $3,000, built a cinderblock gas station, and with the $415 left over launched himself in business.

Today, he owns a shopping center which has 22 employees and which last year grossed $750,000.

Fleming Begaye is a Navajo Indian who has carved out for himself a piece of the free enterprise system. To the casual outsider the Begaye enterprise seems to be in the middle of nowhere. In fact, it is in the middle of northeastern Arizona's huge Navajo reservation, and serves as an important symbol to the 132,000 Indians there.

Mr. Begaye, 47, a World War II Marine, did it on his own. It took imagination, hard work and the conviction that he would succeed.

"I worked for 14 years as a guidance teacher in the Bureau of Indian Affairs and saved everything I could," he recalls. "I wanted to be a businessman."



Fleming Begaye is a symbol of the free enterprise system on an Indian reservation.

The cinderblock service station has given way to an ultramodern, three-bay, ranch-style station Mr. Begaye built to Shell Oil Co. specifications. The new station is pumping about 42,000 gallons of gas a month for tourists and for Mr. Begaye's fellow Indians on the reservation. From this business alone, his income is some $20,000 a year.

In 1963, taking profits from the gas station, Mr. Begaye and his family built a "general store." A year later, he opened a restaurant. In 1965, he added a hardware store and in 1967 he put in an office building which he leased to the legal aid service of the Office of Navajo Economic Opportunity.

Mr. Begaye, his wife and three children all work in these various business enterprises. Most other workers also are Indians.

A member of the Navajo Businessmen's Association, Mr. Begaye donates the use of his restaurant for the group's meetings. He also is a member of the Lions Club and served for several years on the local public school board.

"I think what I have done has set an example for other Navajos," he told *Nation's Business*. "I am a strong believer in encouraging the Indians to get established and do things on their own. But they will also need encouragement from the public in general."

Harlem Prep Gets Another Boost

Standard Oil Co. (New Jersey) has reaffirmed its confidence in Harlem Preparatory School.

A major backer of this unique experiment in the heart of Manhattan's teeming ghetto section, Jersey Standard recently pledged a new $100,000 donation to meet Harlem Prep's immediate needs and an additional $150,000 to help carry it over the next two years.

Harlem Prep has proven over and over again that it can offer hope to the disenchanted high school dropout. Especially if he is black and poor.

Alumni of the school, which was established in 1967 primarily for dropouts, have a college dropout rate below the national average.

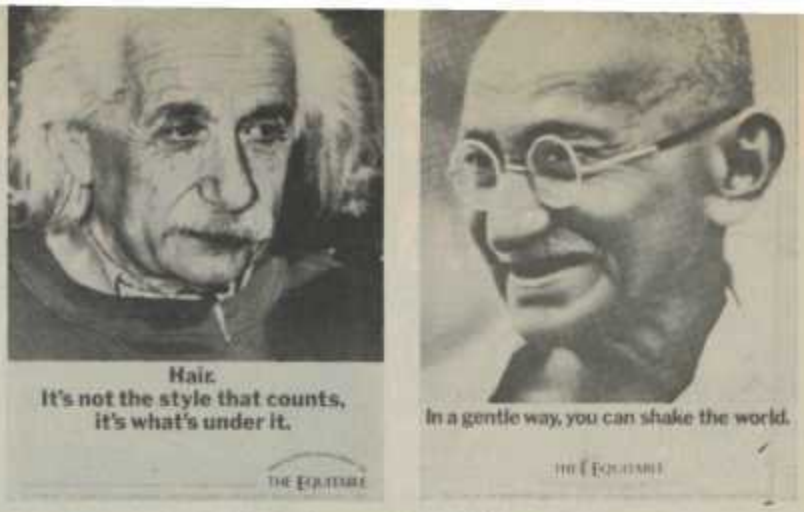
College acceptance is one prerequisite for graduation from Harlem Prep. Each of the 204 graduates to date has entered college on scholarship. Many have had five or more college offers.

Edward F. Carpenter, headmaster of the school, says of Jersey Standard's latest contribution: "This is just what we needed to convince these remarkable young people that we have not failed them and that society has not failed them."

The pledges bring to $460,000 Jersey Standard's contribution to Harlem Prep. According to Executive Vice President Clifton C. Garvin Jr., Jersey Standard "has moved in to help fill the gap because we think Harlem Prep meets a vital educational need in New York."

Headmaster Carpenter, a veteran of many years' experience in the education of the underprivileged, is also Harlem Prep's chief fund raiser. The school gets no government help and depends almost solely on private contributions, particularly from the business community.

In announcing Jersey Standard's most recent pledges, New York State Human Rights Commissioner Robert J. Mangum, who is also chairman of the Harlem Prep Board of Trustees, said: "Our school must continue to point the way to educational reform and to make secondary education more relevant to disadvantaged young people." *continued on next page*



A small message, a big story.

An Artful Way to Win Popularity on Campus

"Are you for real? If so, we'd like to work for you."

It's probably safe to say not many major American businesses receive comments like this from college students, but the files are bulging with them at the Equitable Life Assurance Society of the United States.

Equitable has developed a warm rapport with the college community simply by talking the students' language.

It all began when Equitable launched a low-key advertisement program in college newspapers.

A typical ad might show a large photograph with a simple text.

For example, a photo of Albert Einstein with the caption: "Hair. It's not the style that counts. It's what's under it." Or one of Mahatma Gandhi and the reminder: "In a gentle way you can shake the world."

It was not long before students began asking Equitable for the ad messages in poster form. Such requests have now exceeded 100,000. The posters are hung in dormitories and various other student gathering places.

The ads were designed to create on campus an environment in which the company could better reach students as prospective employees. And the plan has worked.

"We had the best year for recruiting in 1970 of any year and this happened before the job market fell in for college students," reports Dr. John W. Riley Jr., senior vice president for corporate relations. This new form of "pop art" created by Equitable has been useful off campus as well. Teachers, social workers and others working with youth have asked for the posters.

A health official in a large city told Equitable the pop art has been extremely helpful in the city's campaign to curb drug abuse.

Equitable, like many others, had been aware of the generation gap and tried many ways to bridge that gap—more often than not unsuccessfully.

So, says Dr. Riley, "We simply took advantage of the popularity of pop art and hit upon this idea of trying to strike a responsive chord in the students. We think we have done that."

This Store Has Much to Offer

At the huge Marine training base at Camp Lejeune, N. C., Goodyear Tire and Rubber Co. has a modern, attractive store. It isn't selling tires and other products; it's selling opportunity.

The store is a laboratory where young men about to leave military service can learn a job skill. It's part of the Defense Department's "Project Transition," set up to help young veterans who have never held civilian jobs or are ill-equipped to re-enter the job market.

Goodyear is one of scores of U. S. companies participating in the program at bases all over the nation. The store at Lejeune—it looks like a typical Goodyear outlet anywhere, complete with equipment, fixtures and products—is actually a school that trains men interested in sales jobs.

In its first year's operation, some 200 Marines enrolled. Goodyear was able to offer jobs to 100 of them in their home towns. (Not all accepted, but those who didn't found the training helpful in obtaining other jobs.)

"I have had contact with everything I learned," said one veteran who joined a Goodyear outlet in Wilmington, Del. "My store manager was surprised that I already knew quite a bit about tires."

Another said, "Without your course I most likely would not have a job now."

For some, the school provides encouragement to get higher education. A typical letter: "Your Project Transition made me want to learn more about the business world. I am now enrolled as a business major in college."

Says J. M. Henderson, manager of sales training for Goodyear:

"The no-strings policy of this program—which requires no commitment from either the company or the individual being trained—makes this an especially attractive way of getting men interested in our company. At the same time, it gives us a good opportunity to screen them for possible employment after they return to civilian life."

The Goodyear program is offered to any enlisted man at Camp Lejeune who indicates an interest in learning retail sales.

The course involves 160 hours of instruction over a four-week period and includes everything from merchandising to management of personnel.

Priority is given to those who are combat-disabled, don't plan to reenlist, show no desire to go to college or have no occupational skills.

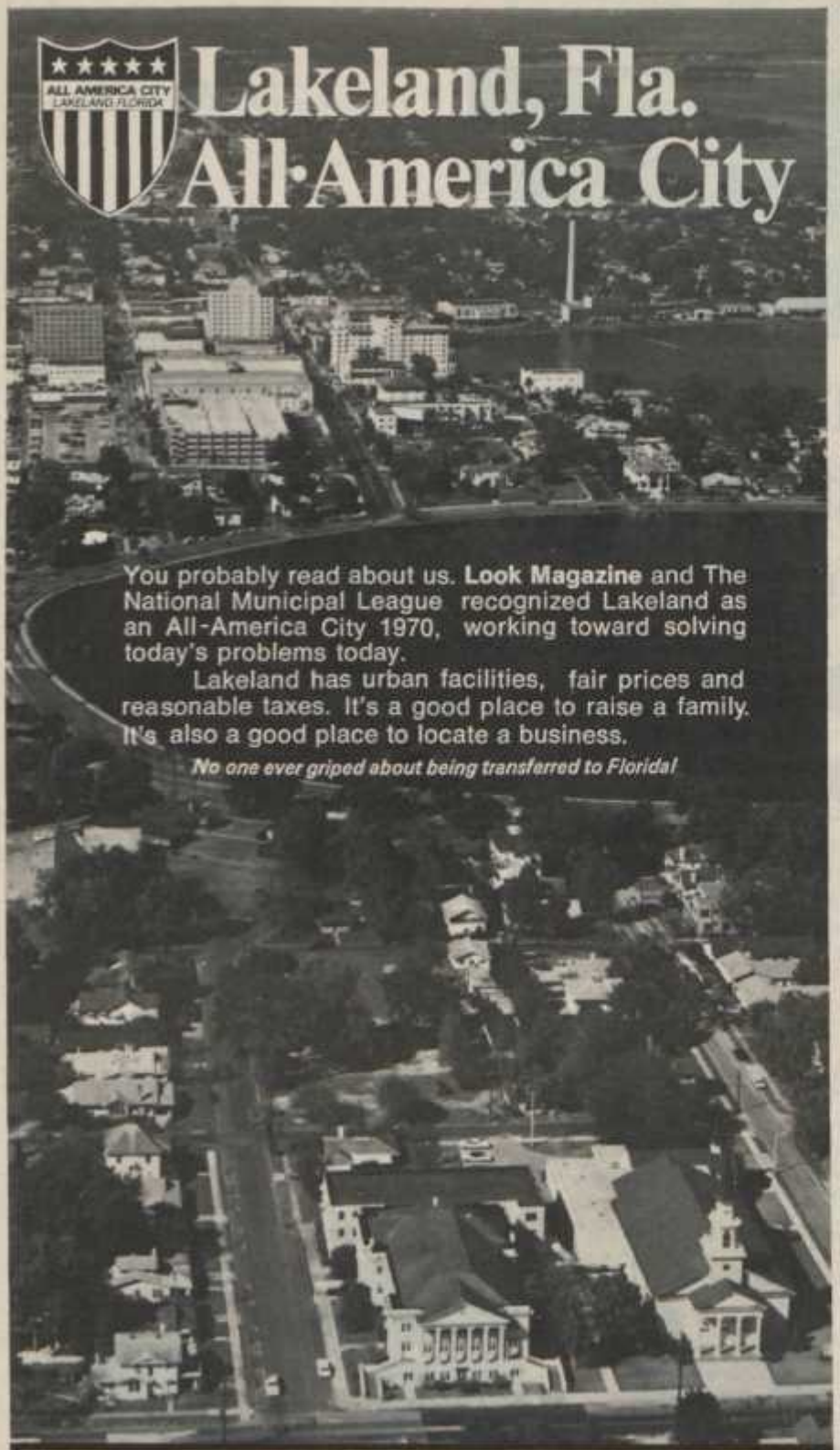


In air freight most of what you pay for is fast, intelligent handling on the ground. If you don't get it, you have a right to scream.

Airborne Freight Corporation is a world-wide air freight forwarder. We pick up. We deliver. And if you ever have a problem with our service, call this toll-free number day or night: 800-426-0330. You will talk personally with one of these five men:
Monday, Robert S. Cline, Senior V.P., Administration.
Tuesday, Robert G. Brazier, Senior V.P., Operations.
Wednesday, Holt W. Webster, President.
Thursday, George B. Ryan, V.P., Traffic.
Friday, Dallas K. Sherman, V.P., International.
On weekends, we take turns holding down the fort.
Airborne Freight Corporation, Colman Building, Seattle, Washington 98104. In Washington State call collect 206-623-7700.



Give us the business.
800-426-0330.



For Further Details and Informative Literature, Contact:

JOHN M. HAMILTON
Manager, Industrial Division, Dept. EE
Lakeland Chamber of Commerce
35 Lake Morton Dr., Lakeland, Fla. 33801
Phone (813) 688-8551

In cooperation with Florida Department of Commerce

NAME TITLE

COMPANY

ADDRESS ZIP

ALL AMERICA CITY 1970

Civil Service League's Top 10 for '71

Specialists in fields ranging from economics to intelligence are among the 10 winners this year of the Career Service Awards conferred by the National Civil Service League.

The annual awards were instituted 17 years ago to recognize excellence of performance by career government workers.

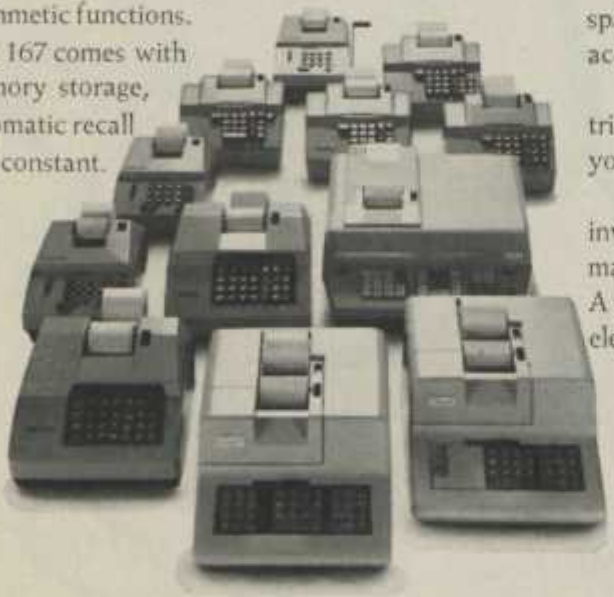
The 1971 winners, chosen from 65 nominees, are:

- CHARLES M. BAILEY, Director, Defense Division, General Accounting Office.
- JAMES BRUCE CARDWELL, Assistant Secretary, Comptroller, Department of Health, Education and Welfare.
- DR. ALAN M. LOVELACE, Director, Air Force Materials Laboratory, Air Force Systems Command, Department of the Air Force.
- DAVID DUNLOP NEWSOM, Assistant Secretary of State for African Affairs, Department of State.
- JOHN E. REINHARDT, Assistant Director (East Asia and Pacific), United States Information Agency.
- WILFRED H. ROMMEL, Assistant Director for Legislative Reference, Office of Management and Budget.
- WILLIS H. SHAPLEY, Associate Deputy Administrator, National Aeronautics and Space Administration.
- DR. R. J. SMITH, Deputy Director for Intelligence, Central Intelligence Agency.
- DR. LOUIS W. TORDELLA, Deputy Director, National Security Agency.
- MAURICE J. WILLIAMS, Deputy Administrator, Agency for International Development, Department of State.

END

SOME HERMES CALCULATE. SOME TYPE. ONE DOES BOTH.

There are eleven Hermes Calculators. All give you a credit balance. And all give you a permanent printed record of your calculations. Two, the Hermes 167 and 367 perform the four basic arithmetic functions. The 167 comes with memory storage, automatic recall and constant.



Need more sophistication? We have three electronic printing calculators. One is programmable. All compute in milliseconds. And print answers at a speed of 80 characters per second.



If you're interested in typewriters, we have seven. You won't find a better lightweight and inexpensive electric for your office than the Hermes 10. Like the portable Hermes 3000 and heavy duty Hermes Ambassador Electric, you get Flying Red Margins* to show you at a glance where your margins are. An unjamming key so your fingers and paper don't get smudged. Half line spacing so things like H20 and 80 degrees are more accurately typed H_2O and 80°.

When you want a bunch of copies, our electrics give you nine crisp carbons. Often saving your secretary a trip to the copier.

And if you need something to speed your invoicing, there's our one machine that's two machines. The Hermes F-4 Electronic Invoicer. A programmed typewriter combined with an electronic calculator.



But perhaps the biggest advantage you get in owning a Hermes is durability. Hermes are Swiss engineered. Parts are often designed to do more than one job. This lets us build fewer but gutsier clutch assemblies, multiplication wheels, gears and cogs. So every Hermes has just as much brawn as brain. Whether it calculates. Types. Or does both.

If you only want to buy once, buy a Hermes.

HERMES

Paillard Incorporated
1900 Lower Road, Linden, N.J. 07036.
Other products: Bolex movie equipment, Hasselblad cameras and accessories.

Please send me information on: ☐ Adders ☐ Multipliers ☐ Calculators ☐ Electronic Calculators ☐ Programmable Electronic Calculators ☐ Electric Office Typewriters ☐ Manual Office Typewriters ☐ Portables ☐ Electronic Invoicing Machine

Name_____

Address_____

Title_____ Company_____

City_____ State_____ Zip_____

THE DANCE OF THE CRUNCH.

(A dangerous three-step.)



Step 1: A chance to expand and successfully grow develops right at your company doorstep.

Step 2: Your working capital is temporarily tied up. And the normal lines of credit are already stretched tight.

Step 3: A crunch develops. And growth is seriously stopped.

You're dancing to the tune of the Credit Crunch. And it's a sad song.

But you can change all that. With a little help when you need it most.

A business loan from Commercial Credit provides you with money to grow on. Cash that will let you dance circles around any kind of financial crunch.

And along with it we offer the experience and skills of a Business Loan Account Executive.

Sure, the Crunch is a problem.

But it's nice to know where you can find the answer.

A letter will get you all the facts. Or call any of our offices.

Commercial Credit Business Loans

201 North Charles Street—Dept. F5
Baltimore, Maryland 21201

CCC

Another service for your business from COMMERCIAL CREDIT—BUSINESS SERVICES: business loans, factoring, credit insurance, equipment, vehicle & aircraft leasing & financing

ATLANTA, BALTIMORE, CHICAGO, CINCINNATI, DETROIT, DALLAS, LOS ANGELES, NEW YORK, SAN FRANCISCO

SOUND OFF TO THE EDITOR

SHOULD THE RETIREMENT AGE BE RAISED?

Should the retirement age be raised?

Ask that question of many employees, and you'll hear that the age should be lower, not higher. The trend toward early retirement is a fact of life.

But there are thoughtful academicians, government officials and businessmen—and some workers—who not only are skeptical about the value of early retirements, but ask whether the normally accepted and frequently mandatory retirement age of 65 is really desirable.

At the turn of the century, 50 was a ripe old age. But the Institute of Life Insurance now estimates that at 65, remaining life expectancy is 12.8 years for men and 16.3 years for women.

And look further ahead. Scientists are predicting that the trend toward longer life is going to continue and that, with one marvelous medical discovery being made after another, people will retain youthful vigor far beyond the years now allotted them in the work force.

Our economy, it's argued, can't afford to have healthy, mature men and women be nonproductive for so long.

It's also asserted that with better health as well as longer life, a lot of people simply are not going to be content to sit idle.

One suggestion is for a two-career working life.

However, it's argued that this would be fine only for some people. For others, it's pointed out, a second career could mean real trauma—frequently entailing a retraining period at an untender age, and a loss of prestige in the switch to a new job from a position built up over many years.

Advocates of the present standard retirement age, or even earlier retirements, contend that American productivity entitles Americans to many years of leisure. In those years, they say, citizens can find time for public service which couldn't be performed while in the work force.

And, they say, retirement opens up job opportunities for younger people.

But on the other side, it's argued that the practice of giving up work at 65 has outlived its usefulness.

What do you think? Should the retirement age be raised?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should the retirement age be raised? ☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

Company.....

SOUND OFF RESPONSE

CIVIL JURIES LOSE A DECISION

The verdict is in.

NATION'S BUSINESS readers responding to last month's "Sound Off to the Editor" question found for abolishing jury trials in civil suits.

Those favoring substitution of rulings by judges or panels of judges for civil jury verdicts did so in anticipation of a more efficient judicial system. Disposition of criminal cases would be speedier, they felt, and there would be less court congestion.

For example, William E. Umstattd, chairman of the executive committee, The Timken Co., Canton, Ohio, said doing away with civil juries would "keep courts uncluttered."

Those against change cited the traditional guarantees of trial by jury and held that the collective wisdom of a jury carries built-in safeguards against possible prejudice or unfairness of a single judge.

As a reader with expert knowledge, Judge B. C. Sullivan of the Twelfth Judicial District, Rockford, Iowa, put it:

"A judge may be more competent to judge a set of facts in a civil case but he may make a mistake, as one person can do or as a juror might do. In the case of the juror, there are 11 other people to straighten out his thinking."

Several of those voting for abolition cited their own experience as jurors.

Carl M. Borson, general security manager, Long Lines Department, American Telephone and Telegraph Co., New York City, wrote that, in two weeks' jury duty, he had been excused four times and heard two cases involving auto accident injuries.

"I feel both cases could have been resolved in less time by experts," Mr. Borson said. "Probably more fairly, too."

Norman J. Ehr, owner of a Milwaukee, Wisc., painting and decorating company, served as a juror in another automobile negligence suit. The trial and the jury deliberations were lengthy, he recalled, and when the verdict was finally returned, the judge lowered the award considerably.

"We realized that he was certainly more experienced in these matters," Mr. Ehr said. "But why then bother with a jury when its findings are subject to such a drastic change?"

Another reader who cited his own jury experience had another view. Joe Gamboa, vice president and manager, Canyon Abstract & Title Co., Ltd., Caldwell, Idaho, said, "I know that a person gets a fair trial by jury."

Many readers who favored abolition of civil juries in principle did so with various reservations.

W. B. Falconer Jr., vice president of Charles F. Noyes Co., Inc., New York City, a major real estate brokerage and management firm, said the right to a civil jury should be retained in cases in which a governmental body is on one side and a citizen or corporation is on the other.

Joseph Dale, a partner in the Prentiss, Miss., law firm of Dale & Wilson, urged continuation of civil juries but said the required number of jurors should be reduced to six or eight. Also, he said, civil trials heard by a jury "should be limited to controversies involving amounts substantially in excess of the cost of the jury." He suggested a minimum of $5,000.

There were no qualifications in most answers.

H. R. Miller, Western regional sales manager for Edwin Cooper, Inc., Paramount, Calif., manufacturer of petroleum additives, voted in favor of abolishing civil juries on the ground that they have been handing down "exorbitant" judgments.

Pierce D. Leonard Jr., owner, Leonard All-Purpose Aluminum Buildings, Richmond, Va., asserted that "time, practicality and cost necessitate trial without jury in civil cases."

Joseph R. Tullmann, president, Unique and Art Lace Cleaners, Inc., St. Louis, Mo., wrote that abolishing juries in civil cases "would certainly help speed along litigations and make for fairer decisions and settlements."

John Gillespie Jr., a traffic checker for the Chicago Transit Authority, Chicago, Ill., said that "justice performed by a judge alone would help speed up the backlog of cases."

But Nan E. Garrison of the public relations department, Columbus and Southern Ohio Electric Co., Columbus, Ohio, urged: "Keep the juries. . . . The jury system is a bona fide way to get involved. Americans need it more than ever."

The "Sound Off" question, not surprisingly, attracted a heavy response from the legal profession.

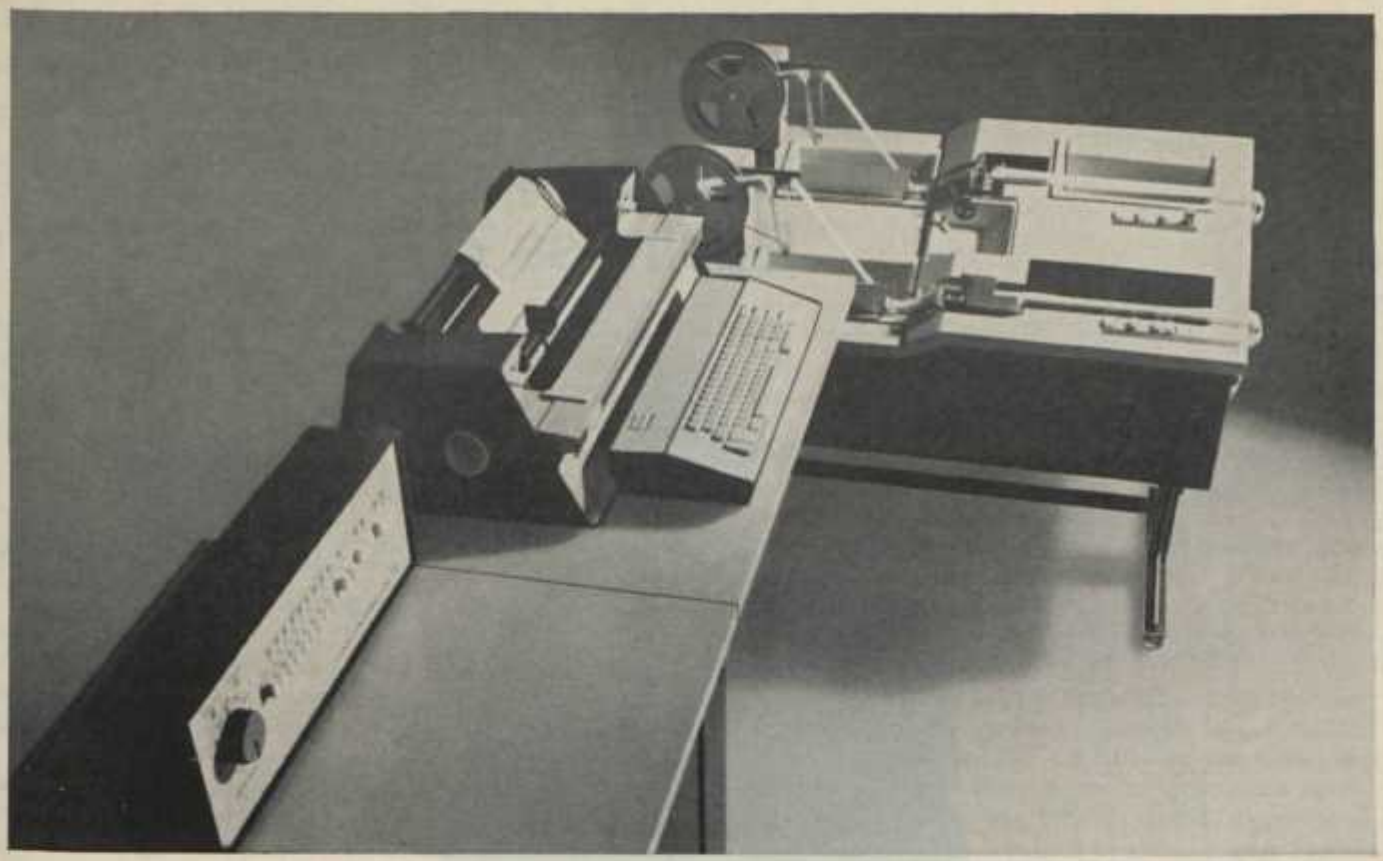
Among lawyers generally favoring civil juries was G. W. Morton Jr. of Morton, Lewis & King, Knoxville, Tenn. He noted that opponents of civil juries argue that laymen don't have the background to deal with complex issues of business, medicine, technology, etc.

"Neither do judges," Mr. Morton wrote. "Law schools don't teach business, medicine, technology, etc. The function of juries is to apply 'community standards and experience.' "

Said James P. Allen Jr., vice president and general counsel, Liberty Mutual Insurance Co., Boston, Mass.:

"After 40 years of practice, I'm convinced that there is no substitute for a jury. Regardless of complexity, histrionics, etc., juries day after day do an excellent job of settling controversies."

Panels of less than 12 members would be all right, he said, but "let's not tamper with the essential jury system."



Introducing the Litton ABS/1241.

This brand-new electronic accounting computer offers you up to 4 times the memory capacity of comparable Burroughs, NCR and Friden machines.



The Litton ABS/1241 is the most advanced medium-priced electronic accounting machine on the market today. It can give you complete in-house data processing—with many of the capabilities formerly available only on computers costing much more.

Compare these features:

☐ The Litton ABS/1241 can use its capacity of 2000 totals *after all programming* for internal storage of data such as individual product information—this permits automatic completion of invoicing and updating of inventory.

☐ The Litton ABS/1241 can sort input data internally in any order you specify and from this information produce any number of separate reports. Each report is complete in detail and in whatever sequence you require.

☐ The Litton ABS/1241 can print at 35 characters/second—the fastest in its class—for maximum throughput per dollar.

☐ The Litton ABS/1241 has complete forms handling flexibility to handle the most complex accounting functions.

☐ The Litton ABS/1200 series also includes other machines which offer many more features than competitive machines, too. In fact, of the accountants who check into Burroughs, NCR, Friden and Litton ABS—more and more buy Litton.

But don't just take our word for it, talk to your accountant about which machine you should buy for your business. We think he'll recommend one of the Litton ABS/1200 series. And we think you'll be glad he did.

Call Joe Morrison at 201-935-2200, or your local Litton ABS office, or send the coupon today.

LITTON ABS
automated business systems
Litton

Litton ABS
P.O. Box 228
Dept. ACY-16
Rutherford, New Jersey 07070

Please send me information on the new Litton ABS/1241.

Name _____

Title _____

Company _____

Street _____

City/State/Zip _____

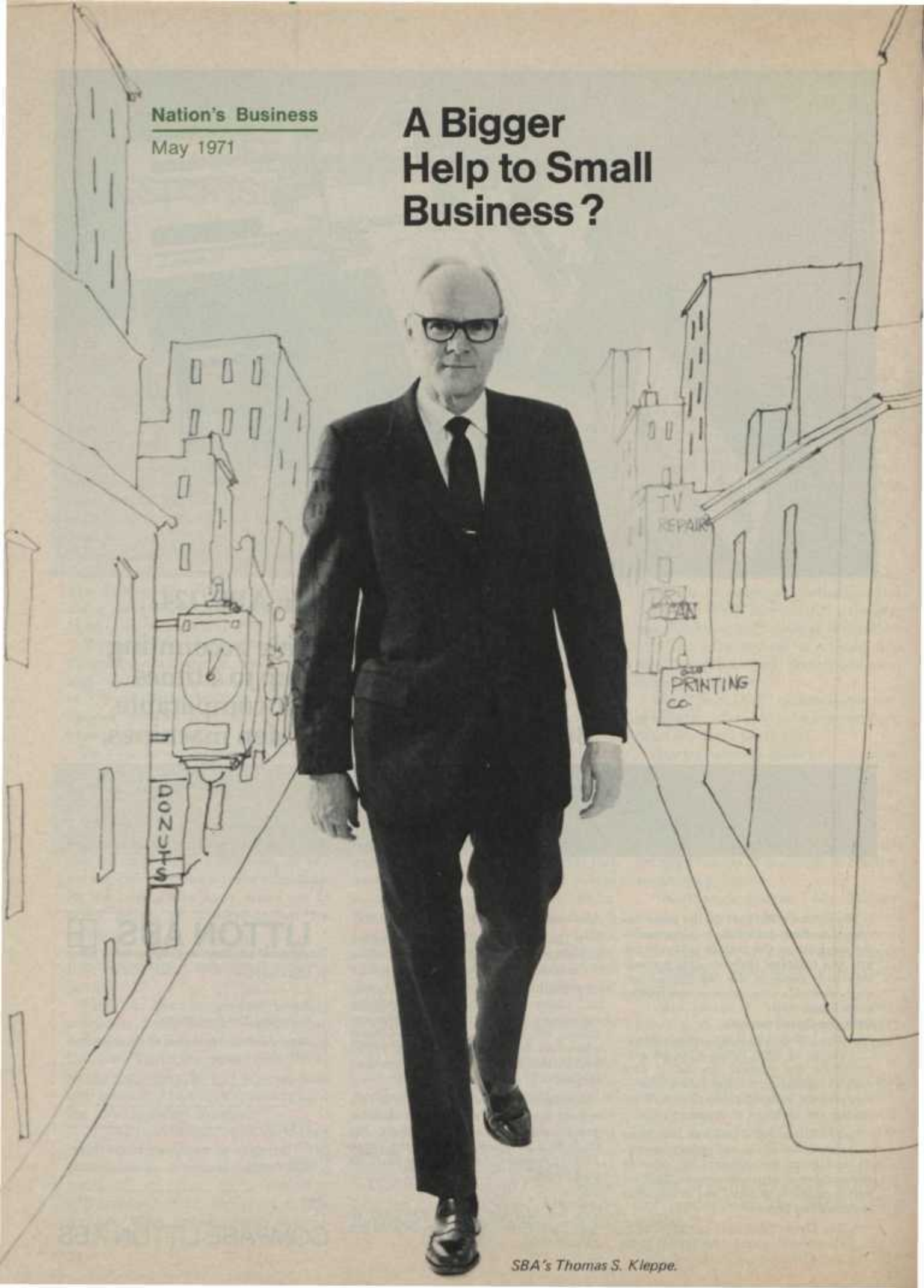
Telephone _____

N-5

COMPARE LITTON ABS

Nation's Business
May 1971

A Bigger Help to Small Business?



SBA's Thomas S. Kleppe.

The head of the Small Business Administration scoffs at the thought that his agency is in a dying field, as he outlines plans to increase SBA's effectiveness

"Ninety-five per cent of the business in this country is small business," says Thomas S. Kleppe, the new administrator of the Small Business Administration.

That's a big constituency for the government's primary agency in the field of aid to small business. But it's one Mr. Kleppe says he hopes to serve better.

You may be surprised, as you read what Mr. Kleppe has to say, that so many people want SBA loans so they can go into business for themselves or expand businesses they already own.

Right now, SBA has a shortage of money—but not a shortage of loan applicants. "There's a huge backlog," Mr. Kleppe says.

If you're a small businessman, you may be surprised to learn that SBA offers you valuable nonloan assistance.

If you're a big businessman, you may be surprised at how you—along with other successful businessmen, big and small—can help SBA make good on that offer.

Mr. Kleppe, 51, is a former small businessman himself.

After service in World War II, he bought into the Gold Seal Co., in his home state of North Dakota. The company, he says, "was very small" then.

It didn't stay small for long, though, as it expanded on household products such as "Glass Wax," "Snowy Bleach" and "Mr. Bubble," a powdered bubble product.

Mr. Kleppe's role in the company grew with it. He began as a bookkeeper. When he sold his interest in the firm, he was president.

He also has had experience in the business world as a banker.

A one-time mayor of Bismarck, N. Dak., Mr. Kleppe, a Republican, ran unsuccessfully for the Senate in 1964. In 1966, he ran for Congress and was elected. He was elected again in 1968, and tried unsuccessfully for the Senate again in 1970.

Since taking over at SBA in January, Mr. Kleppe has started a campaign to meet every one of the agency's 4,368 employees. He is visiting all its regions. He also is holding meetings with bankers to get them more involved in some of his agency's loan programs.

In the following interview with editors of NATION'S BUSINESS, Mr. Kleppe says the SBA hopes to get the money it needs to meet small business' growing demands. He also says it is going to take a harder look at loan applications, although it won't necessarily be tougher to borrow from.

Mr. Kleppe, what do you want to do as head of the Small Business Administration?

First, let me tell you what I am not interested in doing. I am not interested in being identified as the administrator under whose tenure Congress appropriated the biggest number of dollars.

What I do hope to do while I am here is make the best use of the resources provided us.

Just what are the objectives of the SBA?

To help the small business community. It's that simple.

Primarily, we are a lending, procurement and management assistance agency. I'm afraid some people have gotten the idea that we are more of a welfare than a lending agency, but that's not true. SBA fits into a category of lending funds to people who normally are not qualified to go into a bank and borrow—for various reasons. But a man has to have some credentials for a loan or we don't make it.

We have other services we think are just as important as making loans, although they probably aren't as well known.

How do you lend money?

Primarily by guaranteed loans and by direct loans, although we have a variety of other lending programs such as those to help minority businesses and businesses wiped out or badly hurt in a disaster such as an earthquake or hurricane.

What do you mean by guaranteed loans?

Loans made by commercial banks, with repayment guaranteed by this agency.

The majority of our business loans are of this type.

How many loans, in all, do you have out now?

We have a portfolio of 145,000 and it's growing. Through last Feb. 28, about 37 per cent of the loans we processed were for enterprises operated by disadvantaged people and members of minorities. About 54 per cent were made through our disaster program.

Is there a total number you can make?

That depends on our authorized loan ceiling from Congress. Right now it is $2.2 billion, excluding disaster loans. But it is going to have to be raised or we will be out of business the rest of the year.

What do you mean?

We will have to put a moratorium on loan activity. This happened last year, you know. But we have asked the Congress to raise our ceiling to $3.1 billion and are hopeful it will.

What has caused you to reach your ceiling? A big demand for loans?

Yes. This has been a constant, going thing. There's been a huge backlog of applications in SBA for a long time.

The moratorium last fall made the situation that much worse.

The $3.1 billion ceiling is projected to carry us to June 30, 1972. But we have to have it before the end of this fiscal year, June 30, or we are going to have to shut off loan activity.

What kinds of loans are being asked? To open new businesses? To help existing businesses?

The demand covers just about



In a huddle with the boss in his office on the top floor of the Small Business Administration's new building in Washington are (from left) aides Loren J. Rivard, Jack Eachon Jr., Arthur McZier and John Knebel.

A Bigger Help to Small Business? *continued*

everything. Remember, we fit into a niche below a bankable loan, and the demands for capital in that area are huge. This includes our minority enterprise programs.

What types of businesses do people want to start?

They want to go into all kinds. Into franchises, especially in the food business; into the servicing field . . . and there is a tremendous demand for loans from people in the construction business.

In spite of this tremendous demand for loans from people wanting to start small businesses, you still hear talk that the day of small business is over, don't you?

Sure, but you don't hear so much about the guy who was a small businessman and got an SBA loan yesterday, and who today is a big businessman and wouldn't qualify.

You mean you have a lot of graduates?

You betcha. And a lot of new applicants. It's an interesting point. There are a lot of people in this country who realize what the private enterprise system of opportunity is all about, who want to be their own bosses.

I think that is what we are seeing in this tremendous demand for SBA loans, both from the fellow who wants to start a new business and from the one who wants to expand.

What is considered small business?

Well, in the automobile industry, American Motors is small business. It's a large company, but everything is relative.

There are so many factors. Some of the stickiest questions we have are size standard determinations and some of the nastiest, meanest feelings stem from arguments over whether you are a small business or not.

We do have some size standards, of course. But if I were going to make a general statement, it would be that 95 per cent of our business in the United States is small business.

What are some of those size standards?

In the category of SBIC's, the Small Business Investment Companies, they can't have over $5 million in total assets or over a half million dollars in net income. And they can't have over $2.5 million worth of sales. We recently proposed raising the asset limitation to $7.5 million.

The size ceilings for these venture capital companies wouldn't apply in every other loan case?

No.

Is there a minimum SBA loan?

No. I have heard people say SBA doesn't want to mess with small loans. That's absolutely not true. As a matter of fact, disaster loans we have made in some floods only averaged $1,200. It takes a lot of paper work per dollar to process loans when you have that small an average, but we do it.

Is there a maximum loan?

Yes, there are different categories. In direct loans, $350,000 is the maximum. In the economic opportunity class—loans made under the Economic Opportunity Act—there is a $25,000 maximum. There are some other, varying ceilings. All of our loans, by the way, have a term period.

These terms range from 10 years up to 30 years in the disaster loan program.

I might mention that we have a forgiveness program in connection with disaster loans. In the case of a Presidential disaster declaration, SBA may forgive up to a maximum of $2,500 on a disaster loan. The bor-



Mr. Kleppe, as do others who appear before Congressional committees, finds that cue cards can be helpful.

rower must repay the first $500 and all amounts in excess of $3,000.

Presumably, a small loan can be just as important to the man who receives it as a big one is to another lender.

You're right. You take my state, North Dakota—when you start talking about a $10,000, $15,000, $20,000 or $30,000 loan, you can help substantially an awful lot of small business with that kind of money.

But if you go into an industrial area, that kind of loan doesn't help much.

An SBA program we haven't mentioned is that for displaced business loans. Who qualifies for one of those?

A business that is displaced by a federal project. I don't know how many small business people know about this. But if you have to move because a federal highway comes through, or because of urban renewal or any other federal project, you qualify for a loan to relocate.

Do you know how many people owe their jobs to loans made by the SBA?

We think quite a few, but we don't have any specific figures. The thrust of this agency's objective is to make small business successful so it can give more jobs to more people. I really mean it when I say we care when a small business goes under.

But some do go under.

Sure they do. I say sometimes that we can do as great a disservice to a company by making a loan it shouldn't have as by not making a loan, or lending it too little. It works both ways.

How do you insure you don't make a loan that shouldn't be made?

We don't insure it, because it happens all the time. All I am saying is that I hope we can decrease our mistakes.

What do you plan along this line?

Educate our people to do a better job of analyzing applications. The making or breaking of a loan is really determined when the loan is made and in the immediate period thereafter. That's when you need judgment.

Does this mean SBA will be tougher to get a loan from in the future?

No, I didn't say that. All I'm saying is that we can analyze better.

This is the secret of lending and if you know credit, there's no inconsistency. It's no different in a private institution. I know something about private lending, too. I was a banker for a long time.

We know we have made some loans that never should have been made. They are a loss to the government. They did a disservice to the people we loaned to. The guy who went broke is a lot worse off than he was before.

Do your field offices have broad loan authority?

Yes, they have to have it.

What is the rate of delinquency on SBA loans?

For all loans, it's between 7 and 8 per cent.

How long does it take to get a loan from SBA?

Oh, that varies all over the lot. We have been working on a three-day plan in some places, where you go into a bank and apply for one of our guaranteed loans and get approval of it in three days. But it doesn't always work that way. It could be three months.

This is a government agency and we haven't found all the ways yet to cut down on red tape. We hope to make improvements on the lag time on loan applications.

Is SBA going to do anything about bringing more business expertise into its operations?

Yes, as much as we can in terms of manpower. We have a serious shortage in this area. But we are going to go strong on the volunteer aspect.

How would this volunteering work?

We already have a large number of people in SCORE, our Service Corps of Retired Executives. And then we have ACE, the Active Corps of Executives. We need to provide a little expense money, so they are not out of pocket and can do a bit more for us.

These are retired and active executives who go in and help a small business with its problems. I was once a member of ACE when the SBA first started it. This was when I was with Gold Seal in North Dakota.

I remember one company came to me and said, "We can't borrow more money and we're just strapped." I took a look at their books and it was obvious to me they were just choked with accounts receivable. They had them coming out their ears.

They had spent no part of management time in that part of the business. I couldn't believe such a simple business problem was being overlooked.

I told them, "If necessary, shut the door of your store and go out on the street and collect the money and you'll have plenty of capital." They didn't shut the door, but they did collect.

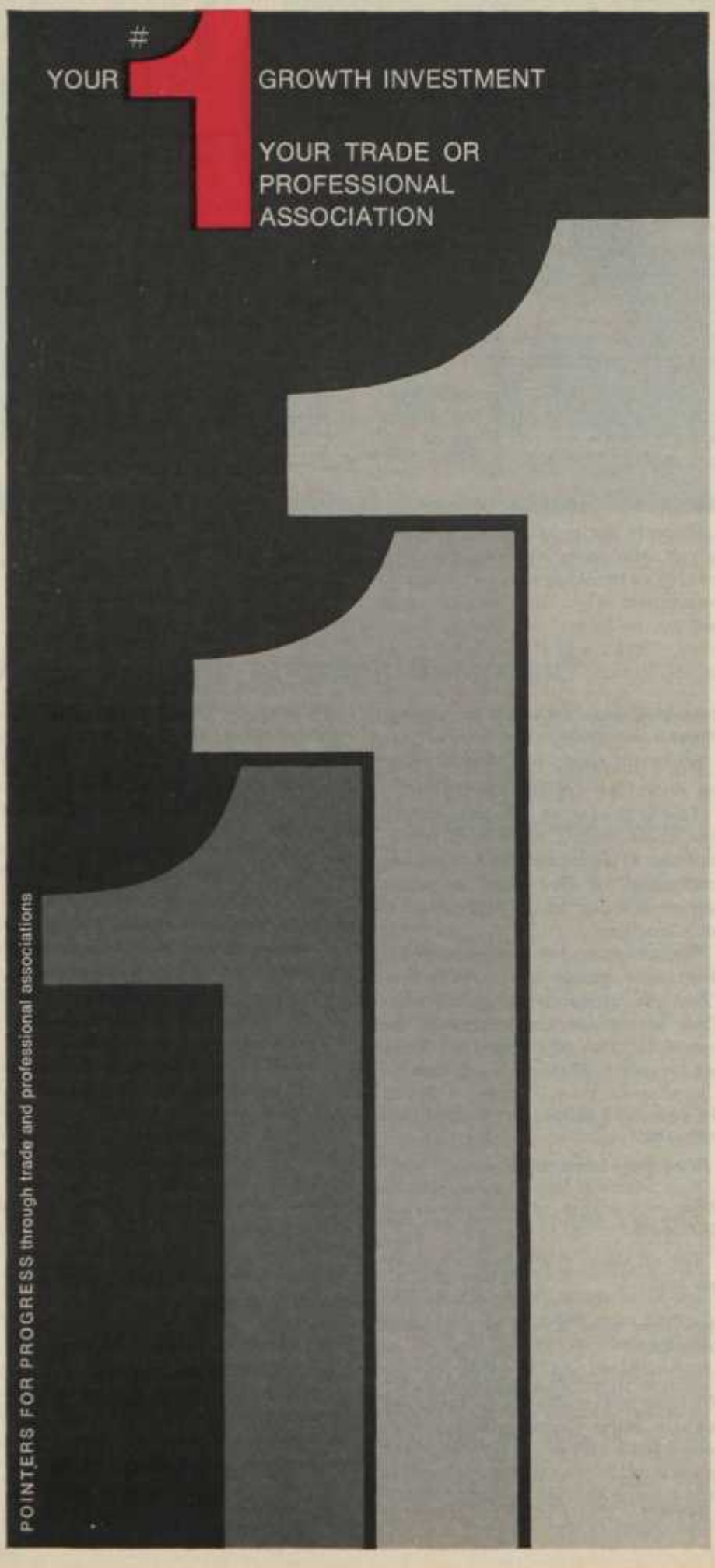
This is the kind of management help you can give.

If an executive wanted to volunteer help, what would he do?

Get in touch with the nearest SBA office. We need him.

How much time would be involved?

As much as he can afford. There is



A Bigger Help to Small Business?

continued

no minimum. We'll be glad to get any amount of help.

What kind of volunteer expertise do you need most?

Management. And this is a broad category that covers almost everything.

If a small businessman wanting a loan came to SBA now, what would be his chances—with your backlog—of getting it?

That's a loaded question. We have a backlog, true. But that does not mean we *can't* and don't process loans.

Restrictions are very stringent, at the moment, on direct loans. If you came to us for a direct loan, we probably would have to say, "You are a nice guy but we don't have the funds." But we'd also ask, "Have you been to your bank? Do you know of a bank that will make the loan if we guarantee it?"

If you do, then you are in business because, presently, we do have some leeway on guaranteed loans.

Much of the backlog, then, stems from a shortage of direct loan funds?

Exactly.

What other advice would you give a small businessman who is thinking about asking for SBA help?

Whether or not he is a borrower or potential borrower, I would like the small businessman to contact his local SBA office and become aware of the facilities it has for management and technical assistance; for seminars and materials that can be helpful to him in analyzing problems in his business.

This is a big part of our program: management and technical assistance. We can be helpful here.

Another area involves government contracts. We can be very helpful with information on what type of contracts are available, how you bid, and so on.

What do you think is the key to success for a small businessman?

The ability to manage. If you can manage something, you are going to succeed. And that's a great feeling, to be successful in your own business. There's nothing that beats it. END

Atlantic Builders

(The people who made Dixisteel Buildings famous)

Who says they build better?

"A 'custom-built' factory in 39 days—and the cost was well below coventional building."

W. R. Brown, General Manager
National Wire Products
Savannah, Georgia

"Our new 34 thousand square foot factory was designed by Atlantic to fit our exact needs: 120 feet wide with one row of center columns, built-in bracing for overhead cranes, built-in central heating, sky lights—everything we need for efficient work flow. Yet with all these 'custom' features, we still saved money. And the structure was up and ready in 39 days!"



"My Atlantic warehouse weathered hurricane Camille—that's one reason my new warehouse is an Atlantic job, too."

Robert Mandal, Coast Wholesale Supply, Long Beach, Mississippi

"Camille destroyed buildings on all sides of me. But the steel structural damage to my Atlantic building was minimal. Now I'm expanding my operation, and you can bet Atlantic is building the addition."



"Talk about variety, Atlantic put my showroom, machine shop and warehouse all under one economical roof."

Don Garlits, Garlits Hi-Performance World, 3420 West Main St., Tampa, Florida

"I have a big accessory business. I needed a good looking showroom for that, plus plenty of space for a machine shop and parts warehouse. The Atlantic Builder here in Tampa came up with the perfect building. And, frankly, one of the best features was the price."



"Construction flowed like clockwork. They even timed my grand opening to fall on the same day the new models were introduced..."

Charles Plachter, Charles Oldsmobile-Cadillac, Bristol, Pennsylvania

"This was a custom job: Two floors, fully carpeted showroom, big parts distribution center, plus a full service department.

"But I didn't miss a single selling day. The local Atlantic Builder—Worthington Construction—stuck right to schedule, and I celebrated new model introduction and grand opening on the same day. How many builders can you count on for service like that?"



Whatever your building need, the local Atlantic Building Systems man probably has help for you. Look for him in the Yellow Pages under Buildings-Metal—Atlantic Building Systems or Dixisteel.

FREE! MAIL COUPON TODAY FOR INFORMATIVE NEW BOOKLET

"10 Questions Every Businessman Should Ask Himself Before He Builds." No obligation.

The Company that made Dixisteel Buildings famous

NB-5

Atlantic Building Systems, Inc.

A Subsidiary of Atlantic Steel Company ■ P.O. Box 1714, Atlanta, Georgia 30301 ■ 404/873-6841

Name_____ Title_____

Company_____

Address_____

City & State_____ Zip_____

Student Tastes Shift to the Executive Suite

A boom at graduate schools of business administration belies the theory that our economic system is anathema to collegians

On those 24-hour tours of duty underground, Capt. William Reese Smith had lots of time to think.

He was a missile launch officer at a Minuteman site near Minot, N. Dak. His office was a command post, deep below the prairie.

Long before his military tour was over, he had decided what he wanted to do.

He had a B.S. in finance from the University of Virginia.

"But," he says, "I felt I needed some refresher courses. I wasn't happy with my marketability."

At 27, Reese Smith, married and the father of two young daughters, is a candidate for a master's degree in business administration at the University of Georgia. ("Call me Reese," he says. "There are too many Bill Smiths.")

Reese is paying his way through school via the GI Bill and two part-time jobs.

He's carrying 20 hours—15 is par—and has a 4.0 average.

Why did he choose a business career?

"Because I'm a pragmatist. I want to get things done. I'm not interested in knowledge for knowledge's sake.

"I want to get into top management. With this kind of training, I'll have a much better chance of making it."

In many ways, he's typical of today's M.B.A. candidates, deans say.

"They're older, more mature, smarter and harder-working," says William C. Flewellen Jr., dean, College of Business Administration, University of Georgia.

"And they're showing up in greater numbers," adds Dean Kermit O. Hanson, School of Business Administration, University of Washington.

In greater numbers?

Yes, despite what you may have read about this generation's acute distaste for business—or a business career.

"Last year, we had 2,900 serious inquiries about enrolling in our M.B.A. program," says Dean George S. Odiorne, College of Business, University of Utah. "We can admit 250."

Statistics tell a startling story.

One index of interest in a business career is the number of college students who take the annual Admission Test for Graduate Study in Business.

Five years ago, 40,596 took it. Last year, 95,000.

"That great increase is partly due to the fact that more business schools are requiring the ATGSB test," says a spokesman for the Educational Testing Service, which administers it.

"But that doesn't explain the increase entirely."

More and more young men and women are simply opting for a business career.

On our nation's campuses, candidates working for an advanced business degree outnumber those in any other field—except education.

TOMORROW'S BUSINESSMEN

Last year, 76,372 students were enrolled in graduate business schools, the American Council on Education reports. This was a one-year jump of 16 per cent.

By contrast, only 13,209 young men and women are studying for an advanced degree in social work and administration—and only 3,809 for one in public administration.

At the freshman level, a business career leads all other professions, including education. Here, the Council reports, is how last year's class divided among seven major fields of study:

Business, 16.2 per cent; arts and humanities, 12.7; education, 11.6; engineering, 8.6; social science, 8.9; bioscience, 3.5; physical science, 2.3.

One educator, Associate Dean Burnard H. Sord, graduate school of business, University of Texas at Austin, offers an explanation of polls showing that business is anathema to collegians.

"They must have polled the arts students," he says.

From office to classroom

Some of the business school recruits come from business itself.

Michael D. Fowler is working for his M.B.A. at the University of Utah.

He and Reese Smith have much in common.

Mike, too, is 27, ambitious, and willing to sacrifice some short-term gain for his long-range goal.

He's an electrical engineer who worked for three years at Hughes Aircraft Co. in Los Angeles and for Emerson Electric Co. in St. Louis.

"But I got a little bored," he says. "I felt like I wasn't going fast enough in the direction I wanted to go—line management."

So he quit his $14,000-a-year job, and went back to school. Fortunately, he had a nest egg to fall back on.

"I made a little money in the stock market," he explains.

And he helps pay his way by working as a teaching assistant.

Dean Odiorne finds institutions like the University of Utah are reaping the biggest benefits from the boom in business education.

"Students, at least the best graduate students, are losing interest in schools where you have to pick your way through smashed glass to get to class," he says.

"The good business students are looking for a school that is square—a place where the emphasis is still on education. Two years ago, our M.B.A. candidates averaged 475 on the ATGSB test. Now they average over 500.

"And a lot of professors are fed up to the gills. A member of the school of business faculty is in a minority at



Today's college campuses have many bright, hard-working M.B.A. candidates like William Reese Smith, University of Georgia.

most big universities. The business school might have 50 faculty votes out of 1,000. All the rest are cast by the political science and liberal arts guys—and you know how they're voting.

"We're getting more and more applications from other faculties.

"It's the students who make the school. If good students pour in, good faculty and money will follow."

A finding of the Carnegie Commission on Higher Education supports the view that many students are turned off by campus violence. In a recent nationwide campus poll, it asked:

Should students who disrupt the function of a college be expelled or suspended?

The reply was a resounding Yes.

More than seven out of 10 graduate students—and 62 per cent of the undergraduates—said: Expel or suspend them.

Campus dustups are the work of a tiny minority, the survey confirmed. Only four out of 100 students said they had helped plan or lead a recent campus ruckus, or even had taken part in one.

Students, especially business students, evidently are voting with their feet.

Ohio's Kent State University, where students were shot by National Guardsmen in rioting last year, had a 46 per cent drop in applications for admission this year. That's in sharp contrast with what's happening at some less turbulent groves of academe.

The trend toward brighter, as well as more, M.B.A.'s is shown by figures compiled by the American Association of Collegiate Schools of Business.

Three years ago, the median ATGSB test score for M.B.A. candidates was 509. Two years ago, it was 511. Last year, it was 515.

Schools like the University of Georgia's College of Business Administration don't wait for them to come and knock at the door.

Every January, Dr. Jerry H. Padgett, director of graduate studies, gets into his Karman Ghia and tours small colleges and universities in Georgia and nearby states.

By mid-March, he has visited 15 to 20 schools.

"We recruit just like the football coaches," he says cheerfully.

"We want top students, and we go out and get them. We have about $300,000 in aid we can offer candidates for Ph.D. or master's degrees.

"Last year, we had about 60 assistantships for the M.B.A.'s. Each one's worth about $1,800 plus some cut in fees."

Slump raises sights

If anything, last year's business slump apparently whetted interest in advanced business education.

Take Roy L. McCready, 28, a first-year M.B.A. student at the University of Washington.

He's an ex-Navy fighter pilot who flew F4 Phantoms off the decks of aircraft carriers for four years, including two tours of duty in Viet Nam.

"When I got out of the service last year," he says, "jobs were scarce.

"Lots of recruiters came down to San Diego to see us. It was obvious what they wanted—the cream of the crop.

"That meant, preferably, men with business experience plus an advanced degree—things you don't get in the service.

"I'd been thinking about an M.B.A. degree for a long time.

"I didn't want to stay in service—I spent most of my time away from my family. I had gotten the excitement out of my system by four years of flying jets. Other than that, the service offered no challenge.

"I vacillated between law and business.

"But now that I'm here, I think I made the right decision."

Lots of today's M.B.A. candidates are young men who've switched careers, the University of Washington's Dean Hanson finds.

"Roy McCready's one example out of many," he says.

Why do they switch?

"I find," the dean says, "that many students are attracted to careers in business because they believe it has a vital role to play in solving our social and ecological problems.

"And I think they're right.

"It has been said before, but it's worth saying again.

"Here is where the action's going to be—and they want to be with it."

END

LESSONS
OF
LEADERSHIP
PART LXXII

Archie K. Davis of Wachovia Bank & Trust

A "dramatic step-up" is needed in local leadership by businessmen, says the new president of the Chamber of Commerce of the United States

Gracious, soft-spoken Archie K. Davis had been described as a traditional Southern gentleman.

He is.

He is also an innovative, aggressive executive, who's far too busy for mint juleps and magnolias. As chairman of the board of Wachovia Bank & Trust Co., N. A., in Winston-Salem, N. C., he has played a major role in making it the largest bank in the South. He flies all over the country, from California to New York, the Pacific Northwest to Florida, acquainting business with the imaginative services on which Wachovia prides itself.

This year, as the newly elected president of the Chamber of Commerce of the United States, Mr. Davis will also be traveling coast-to-coast to stimulate local leadership to solve today's problems.

Not that this is new to him. The graying 60-year-old has a staggering record of public and civic service.

He has been president of the American Bankers Association; has served two terms in the North Carolina Senate; has been a director of the Charlotte branch of the Federal Reserve Bank of Richmond; and has been a vice president and member of the board of directors of the National Chamber, as well as of the Winston-Salem Chamber of Commerce.

He also finds time to serve as president of the foundation which established the fabulous Research Triangle connecting three of North Carolina's great universities, as chairman of the North Carolina Foundation of Church-Related Colleges, and as a director of American Telephone and Telegraph Co., Southern Railway Co., Chatham Manufacturing Co., Sellers Manufacturing Co., Sellers Dyeing Co., Jordan Spinning Co. and Royal Cotton Mills.

In his spare time he has become a renowned authority on the War Between the States. His office in the shiny, modern Wachovia building is decorated with priceless documents from that period, including a $10 bill issued by a New Orleans bank and inscribed with the French word "dix." Such "dixies," many historians say, gave the South its nickname.

Mr. Davis' heart is clearly in Dixie, and especially in North Carolina.

North Carolina has been good to the Wachovia Bank and vice versa. The bank now operates 141 offices in 53 cities of the state. It employs more than 4,000 people and is a strong supporter of civic and industrial development programs.

Mr. Davis traces his ancestry to a hardy band of Moravian pioneers who settled before the Revolution on the site that became Winston-Salem.

He and Mrs. Davis have four children: Archie H. Davis, a vice president of rival Citizens and Southern National Bank in Savannah, Ga.; Haywood Davis, a reserve officer in the U. S. Marine Corps, now in graduate school at Columbia University; Thomas W. Davis IV, a junior at the University of North Carolina at Chapel Hill, and Louise Bahnson (Bonnie) Davis, a graduate of the University of North Carolina at Chapel Hill, who lives in Atlanta.

In this interview with NATION'S BUSINESS editors, Mr. Davis discusses the major problems of today, the







Salem College's campus is a pleasant place for a stroll for National Chamber President Davis and his wife, Mary, after Mr. Davis has finished a practice session with the Moravian church band. Mr. Davis, who took up the baritone horn at age 45, quips that he hopes his "religion is better than my music." Despite a wide variety in band members, he says, at Christmas and Easter "nobody plays out of step."

Archie K. Davis of Wachovia Bank & Trust *continued*

responsibilities of businessmen to help solve them, and his goals as National Chamber president.

What is the origin of the name "Wachovia," Mr. Davis?

It derives from the German word "wachau" which means, freely translated, "pleasant meadows on the stream."

The Old Salem portion of Winston-Salem was settled by a group of Moravians who came from the Wachau community in Germany to Pennsylvania as missionaries to Christianize the Indians.

Members of the Moravian faith had gone to Germany after they were exiled in the 1600s from their homeland in what was then part of the Austro-Hungarian Empire and now is part of Czechoslovakia.

In 1753 they sent a party down to colonize this part of the country. They purchased 100,000 acres of land, which became known as the Wachovia settlement.

Our bank had its origin in 1879 as the Wachovia National Bank. Then, in 1893, the Wachovia Loan and Trust Co. was founded and in 1911 the two banks were merged into the Wachovia Bank & Trust.

Actually, if you want to stretch history a little, we can go back to 1866 when the First National Bank of Salem was founded.

It was liquidated in 1879 upon the death of its founder, and the stockholders then organized the Wachovia National Bank.

When you joined Wachovia in 1932, were you just out of college?

Yes. Our president [John F. Watlington Jr.] and I were hired about the same time in the bank's first management training experiment. There were about 10 of us who came in 1932 and '33, at the very bottom of the Depression. There wasn't much future for anybody as far as we could see at the time. I was on my way to Princeton to study international law when I had this offer and I realized it was a job in hand and I'd better take it.

Did the bank do well during the Depression?

We were one of the few in this part of the country that stayed open. We survived, and that was an accomplishment.

The assets of the Wachovia Corp.—parent company of the bank—today are $2.3 billion. What were they when you joined?

About $47 million.

What accounted for that enormous growth?

Credit must go to countless people over many generations. This bank's philosophy has always been one of innovation in banking services. We organized the first trust department in the entire South. We opened our first branch in 1902. We were handling insurance on an agency basis as early as 1893.

So we had that kind of diversified base, and a philosophy of innovation and aggressiveness has permeated management decisions and policy-making to this very day. Now, associated with management philosophy of that type, of course, has been an economy that has grown tremendously.

North Carolina was about as nearly bankrupt in terms of economic activity as you can possibly imagine after the Civil War. But a combination of great industry, an orientation to manufacturing, and the Germanic and Scotch-Irish stock that settled throughout North Carolina has achieved miracles.

What is your background, Mr. Davis?

I am Moravian for many, many generations on my mother's side. Welsh, Scotch-Irish on my father's.

We understand you play baritone horn in the church band.

Yes, particularly at Christmas and Easter; it's a fascinating experience. This Easter was the two hundredth consecutive such service down in Old Salem. I didn't take up the horn until I was 45. It was one of those, what would you call it, unrequited ambitions.

Our 600 bandmen range from eight to 80—little boys and girls, middle-aged and elderly—and the Lord is with us, especially with someone as poorly trained as I am.

On that particular morning nobody

PHOTOS: JOHN LAUNOIS—BLACK STAR



Wachovia Bank & Trust's headquarters building is dominant on the skyline of Winston-Salem.

plays out of step. You'd think somebody would, but nobody does.

Music plays an integral part in the Moravian faith, doesn't it?

Yes, music and religion were just synonymous with the Moravians. But I would hope that my religion is better than my music.

As one who has spent his entire life in finance, what do you see as the number one economic problem for the nation right now?

Inflation. We are having just about as bad cost pressures as we had any time in the past.

You see signs of business activity picking up sometime during the year, but nowhere do you see any signs that the cost pressures have been brought under control.

I think inflation is a paramount problem because we have so many commitments from the standpoint of our domestic and international responsibilities, and also from the standpoint of Eurodollars.

The Eurodollar market is probably in the neighborhood of $45 billion today. We're supposed to be in a position to redeem those dollars in gold if tendered by the central banks which hold them.

We have been permitted a reasonable degree of laxity during the past two or three years because of the demand for dollars everywhere.

Last year our banking system had as much as $15 billion borrowed in Eurodollars from abroad. Now that borrowing has been cut back, the dollars are flowing out of the United States and hanging heavy in the hands of the holders.

They start looking at our economy and asking: "What are you doing to protect the value of the dollar?"

We have not reached the time when we can relax in the slightest the effort to bring inflation under control and stabilize the economy.

The Federal Reserve has been lowering the discount rate for several months. Is that more psychological than real in its effect?

Right now it is, but it isn't always. Sometimes discount rate changes follow the market, but sometimes they signal real policy changes. You remember, back in 1965, the confrontation between Federal Reserve Chairman Martin and President Johnson on Mr. Martin's determination to raise the discount rate from 4 to 4½ per cent.

Mr. Johnson deeply felt that was going to lead to all sorts of problems. But the rate continued to rise as an indication of the Federal Reserve's concern about the money supply, and things really tightened up. Of course, even though credit tightened, the Fed later on expanded too fast to finance the big deficits caused by the guns-and-butter policy from 1966 to 1970.

But the money supply itself is essentially governed by the commercial banking system. The Federal Reserve can expand the money supply base, can build it up; but if there's no demand for credit and the banks are not lending additional money, you don't get the impact in the money supply stream. So, within recent months of economic lag, the Fed has been reducing its discount rate simply because the demand for funds in relation to supply has diminished.

Looking beyond inflation, do you feel that businessmen should be more active in solving some of our social problems at the local level?

They can do more, and I think that's where the Chamber of Commerce of the United States comes in. If I have any personal philosophy going into this job, it is to do everything in my power to support and encourage greater participation at the local level.

Fundamentally, the National Chamber at the Washington level is constantly dealing with national legislation.

In the final analysis, however, national legislation is designed and enacted by Congressional representatives elected at the local level.

The Chamber has in the past played a very vital role at the local level and it must continue to do so at an even greater rate.

The point I would make is this: Events are seemingly moving much faster now than we are capable of handling them under existing circumstances and structures.

If this society is to remain a properly constituted democratic society with considerable power still resting at the local level, everybody has a big job cut out for him. There are not enough hands to do the job. There needs to be more leadership at the local level. And there must be a rather dramatic step-up of activity in terms of our responsibility to the communities we live in. I would hope the National Chamber could help stimulate such activities.

Over the years I have been privileged to be involved in many public endeavors at the local and state level. Such involvement is the best safeguard against the centralization we all fear. If the principle of states' rights has been seriously eroded, it has been because of dereliction at the local level. If this trend continues, ultimately there will be no states' rights. States' rights imply state responsibilities.

That fascinates me as a philosophy because that is the genius of the United States. I mean united, not uniform.

And yet we have many problems at the state and local levels, don't we?

Yes. When you look at the population growth, and at the problems of our states, cities, towns and counties in relation to the taxable resources available to solve the problems, you begin to see the dimensions more clearly.

North Carolina started with one county 300 years ago. Then we had two, then three, ultimately 100, as the pioneers pushed westward. Now we have reached a point where the population is steadily leaving the countryside and concentrating in the urban areas. We will simply have to start reducing the number of local governmental units in order to achieve greater administrative efficiency.

For instance, right across the street is the County Courthouse and right down the street from that is the City Hall—two almost competitive power structures with overlapping jurisdictions. The pressures of rapidly changing circumstances require a high degree of governmental coordination at the state and local level for effective administration.

Our state will grow by 750,000 in population this decade. Our total



Mr. Davis, who served two terms in the North Carolina Senate, still visits the state capitol (background) frequently. Here, he pauses on its spacious grounds to jot down a note to himself.

state budget will double in the next 10 years. We know what the problems are, and we have no choice but to adjust accordingly. Lead time, in my judgment, is running short in most areas of this country.

This would seem to support the proposals by the federal government to share some of its revenue with the states, counties and cities. How do you feel about that?

Well, as you know, the Administration's proposal involves about $16 billion a year.

Of that, some $5 billion would be new money, most of which would flow directly to cities, counties, towns through the state governments. That's called "general revenue sharing." As I understand it, there would be few, if any, federal strings attached to that $5 billion.

The bulk of the other approximately $11 billion would be lifted out of existing categorical federal grant programs and, dollarwise, would represent about 30 per cent of them. It's referred to as "special revenue sharing" or block grants.

These would involve so much for education, so much for manpower development, so much for urban development, for rural development, for law enforcement—plus a reserve factor.

That money would be subject essentially to direction by the states, in cooperation with the counties and cities and towns. Within education, for example, the cities and counties could work out with the state the degree to which that money would be routed into vocational training, buildings, transportation, special enrichment programs and the like.

That part of the program, it seems to me, makes a lot of sense. It doesn't add anything to total spending. It would simply lift 30 per cent out of the money presently flowing through literally hundreds of different channels at federal direction with all sorts of red tape—accompanied by the usual complaints of misdirection, too little, too much, and ineffective administration with nobody in a position to do anything about it.

It's the other $5 billion that worries me. One good solid question is where the money is coming from.

It looks as if we will have an $18 billion budget deficit this fiscal year, and a budgeted deficit of at least $11.6 billion next year. It could be much higher.

Another factor worries me. Let's assume that $100 million goes to a big city. What would it accomplish? Won't it be followed by a request for perhaps $200 million the next year?

Of course city managers and county managers want the money. I don't know a city manager who doesn't want cash as long as it doesn't come from taxes. Everybody is fed up with being taxed.

I think the Chamber is correct in questioning the thesis of straight cash grants, with no strings attached, to cities and counties. There's no guarantee at all that this money will straighten up the local political situation—the infighting between county and city political powers. In fact, it could serve as a palliative to postpone some very necessary surgery that has to be done at the local level.

So I'm pleased that the Chamber will take a balanced look at this program to determine whether there are better solutions

The Administration is to be commended for having made a start, but I think the $5 billion proposal raises a serious question of fundamental policy.

It's already designed to go up to $10 billion, and my guess is that it will never stop at $10 billion. I hope the Chamber will come up with a thoughtful answer and some positive recommendations.

What other goals do you have as Chamber President?

There are two areas in which I am deeply concerned, and in which the



Try "Brainstorms" FREE!

The Newsletter of LOW-COST Promotion. Winning ideas in Advertising, PR, Mailings, Displays, Collections. Stimulate your sales! Electrify your thinking!

For details of FREE TRIAL, write: IDEA TREASURY, Box 736, Dept. NB-L, Hastings-on-Hudson, NY 10706

NEW ROADS TO OPPORTUNITY & WEALTH



A valuable new 50 page booklet just published. Sent free, no obligation, write

NASP INTERNATIONAL, John R. Sauer, President
P.O. Box 22458, Denver, Colorado 80222.

Europe's largest, Spain's most modern convention, business and pleasure oriented hotel



The Melia Castilla "the city within a city" in the heart of Europe's convention city-Madrid-

Especially designed and constructed for business and pleasure. Ideally suited for conventions, congresses and business meetings. 13,600 square foot Convention hall, smaller meeting rooms, private offices with secretarial service.
1,000 luxury rooms and suites with private bath and T. V...
And for your relaxation, shopping arcade, night club, swimming pool, sauna **and 15 more luxurious hotels located in Spain's finest resorts:**

Melia Hotels
OF SPAIN EUROPE'S FASTEST GROWING HOTEL GROUP

Reservations contact: Your travel agent or Mr. Jorge Encina, Manager, Group Sales Dept. U.S.A. & Canada. 551 Fifth Avenue, Suite 3211, New York, N. Y. 10017. Telephone: 212-986-4353.

Archie K. Davis of Wachovia Bank & Trust

continued

Chamber has a tremendous role to play.

One is the domestic situation; the other, international.

My personal feeling is that the Chamber has great strength and credibility. There are few organizations that have greater credibility with Congress than the Chamber because its staff does its homework, it sends good people up to testify, and they don't try to double-talk anybody. I believe the Congressional staffs appreciate the work of the Chamber staff. That job is well done.

I hope we can carry this kind of National Chamber leadership into the local and regional areas on an accelerated basis, because private enterprise is facing many crucial tests, so far as its ultimate fate is concerned.

Take inflation. You can see exactly what's going to happen. It has been true since World War II. Whenever it looks as if we must tone down the economy to correct excessive spending, we wind up supporting whatever level of inflation has been reached. We establish an inflated base and then proceed to the next round of escalation.

Many industries are in serious trouble.

Only a few months ago, for example, the banking industry was in an exceedingly tight situation. Many banks were forced to reduce sharply their secondary reserve bond position in order to acquire dollars to sustain the economy. Some city banks were borrowing Eurodollars at an interest cost of 13 per cent to do that. There were severe pressures on loan accounts.

A very strong case could be made that inflation really threatens industries wh ch have been overregulated. The reason is that government sets their prices, but their costs keep shooting up. Transportation, for example, has just about been regulated out of existence as a private enterprise.

American railroads move twice the tons of freight per mile of the government owned railroad systems of Western Europe and Japan. But the government since World War II has spent $280 billion of taxpayers' money on competing forms of transportation, such as for roads, airports and shipping subsidies. Government regulates railroads as if they had a monopoly on transportation, but wage costs are based on Nineteenth Century work rules.

Take a look at our concern over the environment. That is causing great confusion in the power industry, the aircraft industry.

Or take the oil industry and the environmental question. Again, there's a question of misunderstanding of problems. We're using 14 million barrels a day in this country. For 1980 the estimate is 22 million barrels a day. They have discovered 10 to 20 billion barrels on the North Slope of Alaska, and it's going to cost billions to get that oil from there into Chicago. The oil industry is ready to make that investment but the government has been delaying a go-ahead because of environmental questions.

Some people say the pipeline might keep the caribou from their calving grounds. But they manage to swim through ice-choked streams, so they can get over this pipeline. There are even going to be ramps over it.

We know we must have this pipeline; if we wait until the day emergency conditions require it, we could make all sorts of ecological mistakes. But if we proceed today, we will preclude some mistakes. Yet the government keeps holding it up. There are issues of this type that the Chamber of Commerce must speak to in the public interest.

The Alaskan pipeline debate illustrates the current conflict between ecology and economics. What are your views on this?

I think the depth of concern over the environment today is a very salutary development.

It is the cure that's presenting a problem of great magnitude. Just too many people think you can rectify a situation overnight which has developed over a long period of time.

If you want to destroy the economy you can do that.

We know automobiles pollute the atmosphere, we know factories pollute the atmosphere, we know effluents pollute the water, we know mining and extracting processes develop pollution—but this society of ours and its economic well-being have been

built around this existing situation.

Now, you can cure these things overnight by stopping the factories and stopping all the automobiles and buses and trains and planes, but obviously that would be ridiculous.

Some people are just demanding too much too fast, and not looking at the realities.

First of all we have to get laws on the books. For example, North Carolina in 1957, I think, passed a pretty stiff law on stream pollution, but they went about it in a very sensible fashion.

First, they found out there were five river basins in North Carolina, and assigned a priority to each stream for study. The studies were commenced 13 or 14 years ago.

Then the rules were gradually tightened, without destroying the economy. Communities and individual industries up and down the rivers over the past 10 years have been spending more money in handling the sewage and other effluent flowing into our streams.

We are on very dangerous ground if we attempt to move too fast in correcting a problem that is so deep-rooted in our economy. Obviously, there have to be trade-offs somewhere. If today's automobiles are to be eliminated, there must be a new type of fuel or something of that nature. You simply can't ask everybody to give up his car and his job.

What are some of the other issues, as you see them?

One is the spiraling wage-price problem—currently highlighted by rising unemployment with wage rates significantly outpacing productivity. And, unhappily, prices continue to rise to offset rising wage and material costs.

In some ways, it is comparable to to the days of 1929. We had a 7 per cent unemployment rate, but prices, the stock market and everything else continued to go up. In other words, we had a completely false prosperity the last two or three years of the Twenties.

Circumstances today are very different, yet prices continue to go up while industry produces only at something like 75 per cent of capacity. Demand is not strong, and personal savings are rising dramatically. It's a cost-push situation that has to give at some point. I hope we can find a solution before it's too late.

What about the international field?

Many new kinds of problems are emerging. The European Economic Community continues to develop rapidly. Those countries are knocking down walls between themselves, but may be gradually building a wall around the EEC. They've started on a uniform currency, and in time it will probably be a reality.

You're beginning to see more and more areas of abrasiveness between Western Europe and the United States. In some ways, it's similar to what happened just prior to passage of the Smoot-Hawley Tariff Act. That was the result of nationalistic trade barriers rising, and a prelude to the Depression we had in the Thirties.

The National Chamber, representative as it is of American corporations, multinational corporations, and American enterprise, has a vital stake and could play a vital role in creating a better understanding of these problems.

After all, the Chamber is the largest trade organization in the world, and there are more than 45 American Chambers overseas which also have a great stake. The economies of the industrial trading nations are becoming so intertwined and so interdependent, it is essential to find a means of increasing communication and coordination among them.

You don't think our problems—foreign and domestic—are insurmountable?

No—provided we understand their gravity and the absolute necessity of resolving differences, be they domestic or international, and coordinating efforts of responsible leaders. END

REPRINTS *of "Lessons of Leadership: Part LXXII—Archie K. Davis of Wachovia Bank & Trust" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*

NEED NEW...
NEED MORE...
OVERSEAS
BUSINESS?

Get our...
complete overseas sales and handling services working for you!

Build your overseas sales with the equivalent of your own international department but without the problems, personnel and high costs it entails.

Trade on the over 20 year established reputation and effective marketing-management ability of our multi-million dollar corporation. Maximum "Return on Investment" and "Optimization" for your operation will be our mutual goal.

Let us help you set up your overseas program, now!

Write us on your letterhead and indicate your basic problem or needs...or send this coupon to us today.

Please have your representative contact me now!

Name_____

Title_____

Company_____

Address_____

City_____

State_____ Zip_____

Telephone_____

Attach to letterhead and mail to:

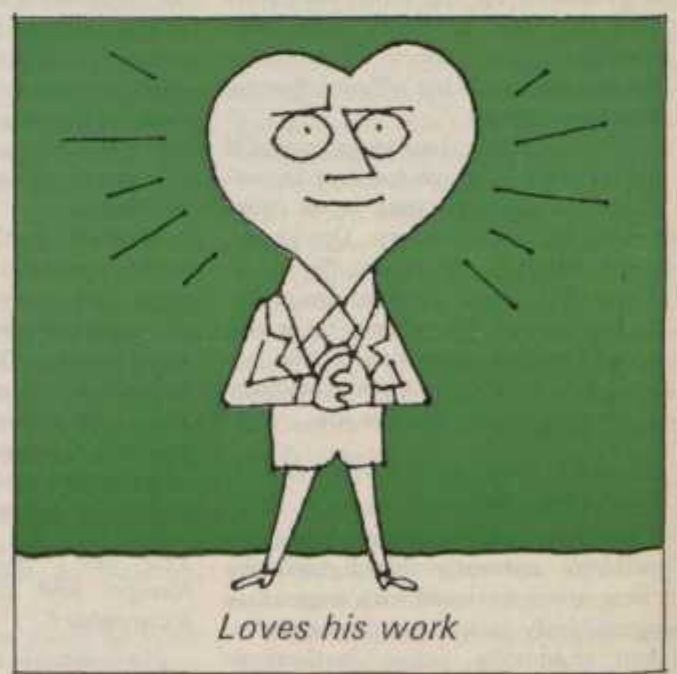
HOBBS ASSOCIATES
Consultants
Box #417
Garden City, L.I., N.Y. 11530

N

Secrets of the Successful General Manager



Man of many parts



Loves his work

Jim Brown is 37.

Like many executives, he has switched jobs more than once.

His B.S. in chemical engineering put him on his first payroll, in the research department of a small Eastern firm.

Later, he was promoted to production.

After a while, that bored him. So he moved into sales. He did well there—till his firm merged. Soon, it looked like a case of jump or be pushed.

Jim jumped—luckily, to an even better job. It was in marketing, with a bigger firm, a Midwest chemical maker.

He seemed to be making it there, too.

Then, one day, he was hit with an unexpected summons to his boss's office. Jim was sweating it out.

"I wonder if they feel I'm a rolling stone," he thought. "Or a jack-of-all-trades, master of none."

Neither, it turned out. Instead, his boss was cordial.

"Jim," he said, "we want you to take some training in accounting and control. We think you'd make a good general manager."

Now, he is one.

Jim's name is fictitious, but his career path isn't. His varied background and experience is common to many in a growing class of executives: the general manager.

His profile

You find him at high levels in all types of business. His specialty is managing people to obtain the maximum growth and profitability of an organization. He is an innovator and a leader and must be skilled in problem-solving, organization, economics and communications. He belongs to line management rather than staff, and will manage employees with many diverse skills and experience.

Since his specialties are in managing people, and in general business methods, he is free to change fields without interrupting his career.

Like Jim Brown, the outstanding general manager usually will enter the field between 35 and 45. Under 35, he usually will not have the maturity nor the experience required. If he has not reached the general managerial level by 45, he probably does not have the drive the job requires or will be too specialized in one field to be fully effective.

He must have had at least 10 years of experience at

JAMES F. MCNULTY, *author of this article, has a background as a general manager. Currently he is with Triad Corp., a division of Litton Industries.*

YOUR USF&G AGENT CAN INSURE:

Ken Fuller, his home and family

Cargo



Vacationers and hotels they visited

Steve Long and his partner's life

The important papers he's carrying

Businesses, buildings, lives, homes, valuables: that's what your USF&G agent can insure. He's the insurance professional, the independent businessman you can trust for competent, personalized counseling that helps protect so much of what you value. Consult him with confidence as you would your doctor or lawyer. He's listed in your Yellow Pages.

The **USF&G** Companies

United States Fidelity & Guaranty Co., Fidelity & Guaranty Life Insurance Co., Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore, Md., Thomas Jefferson Life Insurance Co., New York, N.Y., Fidelity Insurance Co. of Canada, Toronto. Casualty / Fire / Marine / Multi-Line / Life / Group Insurance / Fidelity / Surety Bonds.



You've got their attention, now what do you want us to tell them?

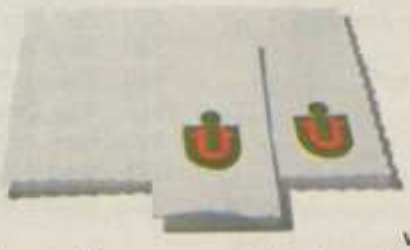


Start using your paper for all it's worth.
You're buying lots of paper products already. The paper items you use every day—napkins, coasters, placemats. If you're not using them to say something, you're wasting a lot of valuable space. Space that can communicate messages that are important to your company's success.



Say something important.
Every company has certain messages that just can't be repeated enough. Like "Wear your safety glasses," "Enjoy our Friday Fish Fry," or "Fly to a Hawaiian Holiday."

Imprint your important messages on your napkins, coasters or placemats, and they'll broadcast your message even before they're used.



Your company image starts at home.
Where does your corporate image really start? With your own employees.

If your customers consider you a good company to do business with, it's probably because your employees are that way.

Printed napkins and placemats can help you tell your employees the kind of company you want to be. So you can build your corporate image from the ground up.

Now that you've got their attention, it's time to start thinking about what you're going to tell them.

Put your paper to work.
Write us on your letterhead and we'll send one of our men over with his book, "Start using your paper for all it's worth." It's crammed with ideas on how to put your paper to work.



Fort Howard Paper

Green Bay, Wisconsin 54305

We put paper to work for you.

reprint library

PRACTICAL TOOLS FOR STIMULATING IDEAS AND FOR ON THE JOB TRAINING

DEVELOPING EXECUTIVE SKILLS—
Techniques for meeting the challenges of many managerial dilemmas.

012 How to Simplify a Problem
023 8 Skills Make a Manager
053 Test Your Sense of Closure
058 Good Leaders Do These Things
109 Eight Tests Spot Initiative
120 You Can Be a Better Leader
196 Understand What You Hear
346 Make Yourself a Better Manager
371 Executives Need This Skill
417 Test Your Leadership Skill
449 Take Labels Off Your Men
510 Where Bosses Fail
640 How Do You Measure Up To An Executive
673 Why Sales Executives Fail
675 How to Delegate
707 Why Executives Flame Out

INCREASE WORK PRODUCTIVITY—
Proven ideas for greater productivity and smoother operations.

034 How to Improve Executive Training
043 Get Full Use of Ideas
051 Get Full Value From Executive Training
055 Eight Keys to Creativity
065 Give Employees a Goal to Reach
134 Build the Will to Work
158 Eight Steps to Better Training
167 Spot and Encourage Initiative
254 Get More Done—Easier
427 Test Your Creativity
523 First Things First
537 How to Double Your Sales
592 Put Punch in Your Program

COMMUNICATION TOOLS—
Many good ways to help you understand and be understood

011 How to Say What You Mean
014 Listening is a Ten-Part Skill
021 You Can Get Your Ideas Across
022 How to Develop Ideas
079 Hear and Be Heard
284 How to Sell Your Ideas
378 Make Your Meetings More Worthwhile
429 Are You Getting Across to Employees?
492 How to Say a Few Words
471 So Your Employees Don't Like You?
503 Open Your Mind to Fresh Ideas
514 How to Get Through to People
579 How to Make People Listen
622 How to Motivate Yourself and Others
650 Why Best Managers are Best Communicators
662 Listen to What You Can't Hear

SELF DEVELOPMENT POINTERS—
How to enlarge your potential as a better manager.

142 9 Steps to Personal Progress
212 Test Your Judgment
277 Test Your Decision-Making Ability
406 Tomorrow's Executive: New Dimensions
424 Ten Ways to Sell Your Ideas
436 Put New Life In Your Career
529 How to Live a Fuller Life
544 Make the Most of Your Weaknesses
587 How to Live Five Years Longer
611 Why Successful Businessmen Fail
655 How to Keep on Target
714 Birth of a Salesman

PROFITABLE BUSINESS AIDS—
Helpful techniques for managing your business.

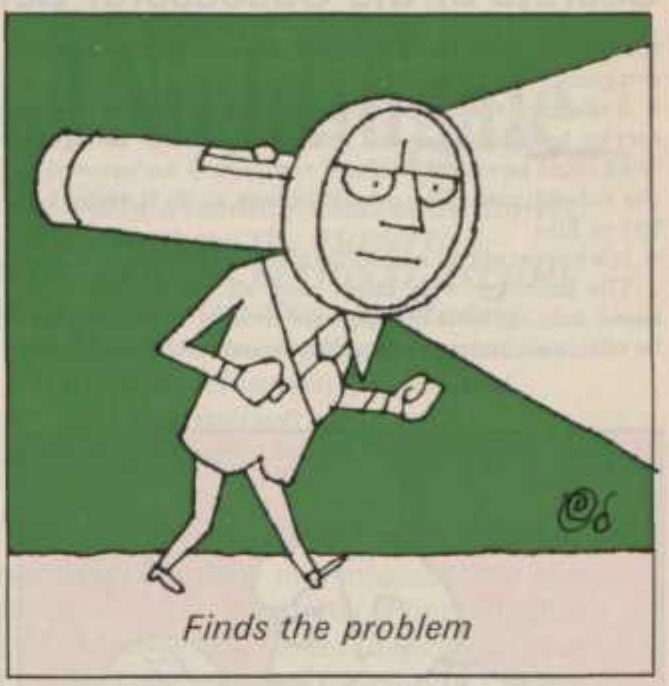
097 Written Policies Help Nine Ways
133 How to Sell Today
201 Why Customers Buy
420 How to Sell Now
476 Here's a Life-Saving Plan For Your Business
482 You Can't Succeed in Business by Merely Trying
490 Sell More with Fewer Salesmen
520 New Ways to Bigger Profits
600 Your Office Costs Can Be Cut
618 You Can Get Better Facts
690 How to Win at the Bargaining Table
722 Seven Ways to Turn Off Turnover
725 Executive Pay—A Time of Dramatic Change

Order your reprints—today.
Be sure to include the stock number and quantity of each title ordered. Prices apply to reprints with same title.
Please enclose payment. Add 4% sales tax for deliveries in the District of Columbia.

NO. COPIES	PRICE
1 - 49	.35 each
50 - 99	.30 each
100 - 999	.17 each
1,000 - or more	.14 each

Orders should be addressed to:
Reprint Department
Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

Secrets of the Successful General Manager *continued*



Finds the problem

or above the supervisory level. He will have had significant exposure to all four major business areas—the technical or design area, marketing, accounting or control, and manufacturing.

Generally, he will be quite strong in at least two of these areas and have a knowledge of the other two.

His education may be in business administration or a technical field.

The most versatile managers generally rise through manufacturing, which provides technical knowledge of how products function and are made. They have good exposure to market volume and mixes, prices and competitive delivery requirements, and material costs and cost controls.

The general manager will be a problem-solver and an expert at handling people. His major characteristic is an all-absorbing love for his work.

His development

How do you develop this skilled executive?

First, choose a man with high intelligence, strong ambition and drive, and a sincere interest in people. Then:

1. Give him challenging work and an opportunity for growth.
2. Expose him to as many facets of business as possible at the middle management level, with at least six months to a year in each position.
3. Select a good boss for the two- to five-year period of final grooming before he enters general management. The axiom that good managers are good teachers particularly applies here.

The right boss will be tough but fair and will require his subordinate to perform to his maximum. He will stand by and let the subordinate make a wrong decision and profit by his mistakes—providing he does not jeopardize the organization or the principals involved.

The boss will state clearly what he wants done, but not how to do it. He must be a man who commands respect and whom others will seek to emulate.

A batch of basics

When a man has become a general manager he must keep in mind, and conscientiously act in line with, the following basics of management:

- The prime purpose of doing business is to make a profit. In highly competitive businesses, profit growth cannot be obtained by raising prices, but must be accomplished by reducing costs or increasing sales.
- The successful manager does not manage an organization, he manages people. He must be able to motivate and train people, as well as inspire loyalty.
- Effective managers concentrate their work and the work of their organization on a small number of major tasks.

As Peter Drucker has stated in NATION'S BUSINESS: "They know that in business as in all of life a small number of events account for most of the obtainable results.

"Ten items in a product line of 1,000 usually produce three quarters of the sales; a handful of customers, among many thousands, usually account for the bulk of the orders."

- The best possible subordinates must be selected.

The wise manager will choose subordinates who are stronger and more knowledgeable than he in the specific areas for which he is selecting them. The general manager frequently must make major decisions in fields in which he has little or no expertise. He must rely heavily on experts' judgments in these fields—and his own ability to ask incisive questions that reach to the heart of the problem.

The young manager will sometimes err by hiring weak subordinates so that his position will not be

Secrets of the Successful General Manager *continued*

threatened. This can be disastrous both to him and the company.

• Authority should be delegated. Most people pay lip service to delegation, but few delegate well. Delegated work must be exactly defined and clearly understood by the subordinate. The details of how to do it should be left to him.

• It's important to make effective and timely decisions.

The manager who brags that all his decisions are based only on facts is in serious trouble. Facts can only be obtained from what has happened in the past. Decisions are made for the future. They require judgment and must be based on what probably will happen. The proper facts can help a man decide the likelihood of any given event occurring—once the probabilities are established.



Appraises past but decides for future

Many managers spend too much time looking for the "answer" rather than finding the problem.

Avoid procrastination. Remember that avoiding a decision is in itself an irrevocable decision. When a decision is made, be sure a plan of action is formed with adequate controls to assure effective execution.

It's wise to limit the number of people reporting directly to you, but be readily available to them at all times. A long horizontal organization chart can cause a manager to consume so much time with his subordinates that he does not have time to accomplish his own task. No more than six people should report to the general manager (or to any other manager).

Avoid also a long vertical organization chart. Some communication is lost as it passes through each level. A vertical chain of six or more levels between foreman and general manager is too long.

• Managers should plan their time effectively.

One should assign himself three to six major tasks per day to be accomplished, and should not spend more than two hours on any task or meeting.

He should allow at least a half hour for any task requiring major attention. And he should set aside one unscheduled hour per day for the unexpected problem; if the time is not needed, it can be used for routine matters at the end of the day.

• New ideas must be sought. The manager should stimulate the thinking of subordinates. For example, a weekly staff meeting set to discuss the problems of one department may generate a useful idea from another department head.



Tough, fair and impartial

New ideas must be tested before they're put in practice.

• Human relations and communication skills should be used to their fullest.

If he follows the Golden Rule, the manager will have few human relations problems.

He should be tough but fair and impartial. He should learn to be a good listener, and be sure his people know he is always available to them.

With a lot of hard work and devotion, young executives can find an exciting, challenging and rewarding career in general management.

But to do the job well, they must be guided by that old adage: Be prepared. END

REPRINTS *of "Secrets of the Successful General Manager" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*



Earl Nightingale

Now, the world's leading success authority, invites YOU to share the PRESTIGE, GROWTH AND EXCEPTIONAL INCOME of today's most rewarding opportunity. Get in on the communications revolution. Make personal development, sales and management motivation your new, high-paid profession.

FOR THE FIRST TIME, Earl Nightingale—leading authority in motivation and personal development for the nation's top corporations—offers hundreds of opportunities for distributors. If you seek a more meaningful and rewarding career (beginning full or part-time) based on integrity, sincerity and believability and can measure up to the highest personal qualifications, Earl Nightingale may have the answer for you.

A READY-MADE MARKET IS WAITING IN YOUR AREA.

The Earl Nightingale radio program is heard by tens of millions of Americans on eight hundred radio stations coast-to-coast every day.

Thousands of businesses, large and small, already use Nightingale programs for motivating and training employees.

Hundreds of thousands more *need* these programs for their personnel communications systems.

Executive office doors in every company are easily opened to the Nightingale distributor and his representatives.

Nightingale communication and motivation programs represent the standard of excellence in every business community.

Week-by-week, month-by-month, year after year the newest, most effective programming for employee communication and personal development will always come from Nightingale-Conant.

EACH DISTRIBUTOR BENEFITS FROM

the acknowledged stature of the man recognized as the leading authority in communication, human relations and personal motivation.

Continuous daily exposure throughout the country of your unique, exclusive success concepts via the Earl Nightingale radio program, books and other media.

Planned presentations for consistent sales success.

Continuous consultation and guidance from top Nightingale executive and creative staffs.

Exclusive executive seminars and distributor development programs for training you and your sales force.

Programmed product expansion for your distributorship —a planned flow of new, important, highly saleable Nightingale programs and products.

ARE YOU OUR KIND OF PERSON?

There are no franchise fees or qualifying charges but a modest investment in inventory and training is required. Applicants will be selected on the basis of developable sales and executive ability, ambition and strength of commitment to personal goals. This is an opportunity to achieve any level of corporate responsibility—any monetary goal you set—from $5000 parttime to $25,000, $50,000 or more as a full-time distributor.

ARE WE YOUR KIND OF COMPANY?

To stand alongside the multi-million dollar associated Nightingale companies in broadcasting and corporate services, the new Nightingale distributor organization has set its sights on becoming not only the largest but also the most successful and personally rewarding company in its field. You enter this exciting, new organization on the ground floor. You decide your role and the extent of participation and success you will enjoy.

MAIL COUPON FOR ALL THE FACTS...FREE

Nightingale-Conant Corporation

The Human Resources Company

Dept. 7751

6677 N. Lincoln Avenue

Chicago, Illinois 60645

earl nightingale



communications

Nightingale-Conant Corporation Dept. 7751

6677 N. Lincoln Avenue

Chicago, Illinois 60645

Send me complete details about your Distributor Program without cost or obligation.

Name_____

Address_____

City_____ State_____ Zip_____

Welfare Costs: Sky-High or Down to Earth?

An interview with Russell B. Long, chairman of the Senate Finance Committee

The Congressional spotlight is focusing this year on committees dealing with such crucial domestic issues as welfare reform, revenue sharing and health insurance.

A center of attention is the powerful Senate Finance Committee and its chairman, Russell B. Long (D.-La.).

Of the three big issues, the first the Senate Finance Committee will tackle after House passage will be a plan for reshaping the welfare system.

While there is little controversy over the plan's goal of putting able-bodied welfare recipients to work, Congress is in round two of the great debate over proposals to commit the federal government to the concept of a guaranteed annual income.

It was Sen. Long who last year blocked House-approved Administration proposals that would have more than doubled the relief rolls.

The Senator held then that the Ad-

PHOTO: KOICHI OKAMOTO



Sen. Long presides over a meeting of the Senate Finance Committee.

ministration approach did "not solve the problem" but just made "it cost $4 billion more" and contained "fantastic, illogical incentives for people to quit work."

He has promised he will give equally close scrutiny to this year's version of the welfare bill and insist that it contain enforceable, realistic work requirements.

The welfare issue has become of major concern at all levels of government and in all walks of life.

Costs have soared and programs to help the poor have gone wide of the mark. [See "Saving the States from Bankruptcy" by California's Gov. Ronald Reagan, page 56.]

The National Governors' Conference wants the federal government to take over all welfare costs.

The Administration proposed to Congress a minimum income maintenance program of $1,600 a year for a family of four, plus food stamps worth an additional $800 a year. States could supplement those benefits if they wished.

The recommendations were revised by the House Ways and Means Committee into the presently pending plan for a $2,400 cash payment without food stamps.

So-called "working poor" also would benefit. For example, an employed father with a wife and two children who makes less than $3,920, would receive a federal supplement to reach this level.

Another proposal by Sen. Fred Harris (D.-Okla.), would be more generous both to nonworking welfare recipients and to the "working poor."

Sen. Long, a staunch advocate of aid to the needy, talks in this interview with NATION'S BUSINESS about such proposals, about abuses in the welfare system and about his fears that welfare's costs could go out of sight.

Senator, how do you feel about the federal government assuming all of the cost of welfare?

It may well be that the government should take over the cost of providing income for the aged. We are doing most of that already under Social Security. But I am fearful of the government attempting to take over the program for the younger people.

The cost of that program has been increasing by 50 per cent a year.

I find that the principal limiting factor to welfare expenditures in the family area has been that the states do not have unlimited funds with which to match federal contributions, and this tends to hold the cost down.

Could you comment on the Administration's proposals in this area?

The Administration's suggestions would cause the cost of the program for families with children to increase by 140 per cent in a single year. And you can be sure this will be regarded as inadequate. It will be implemented by more liberal suggestions that, in my judgment, could cost us more than $100 billion a year.

How do you arrive at such a figure?

Sen. Harris has a proposal, which has a great deal of support right now, to provide that we pay to all needy families enough income to bring them up to the government-defined poverty level. That would increase the number of people on welfare from 10 million to 59 million.

And that would cost how much?

According to the Department of Health, Education and Welfare the federal cost would increase from $3.9 billion to $12 billion a year. Now that's in the children category alone. But the more likely cost is $17 billion. That is what our staff has come up with and their estimates have proved to be far more accurate than those of HEW. We have found that HEW estimates of costs of important programs have oftentimes been as low as 10 per cent of what a program actually costs after a year or two.

Where does the rest of the cost figure in?

If this program were implemented —and more than 25 per cent of the people in the country were placed on welfare—it would set the stage for, and give major political backing to, the scheme of the National Welfare Rights Organization.

What is this plan?

It originally called for a minimum guaranteed annual income of $5,500 for a family of four without a working member. Benefits would continue on a reduced scale even if one or more members went to work—until earnings reached $11,000.

The plan would place 98 million people on welfare. HEW last year estimated it would cost an annual $56 billion. Our staff put that at closer to $70 billion. Now these costs should be projected.

Why do you say that, Senator?

Those people would not be satisfied with $56 billion. You would soon hear the question raised: How can a family of four live on $5,500? And soon every family of four drawing $5,500 would enthusiastically agree they could not live on $5,500, with the result that the payment would be increased beyond that figure.

In fact, the National Welfare Rights Organization only recently announced its support of a House bill to set a $6,500 guaranteed minimum.

So I think that in eight years we would be living at a welfare program level where aid to families with children would cost over $100 billion a year alone.

What effect would all this have on the cost of government?

Well, taken together with an equally liberal health program, it could double the cost of government. Keep in mind that this is not the end, and that we will be doing other things at the same time.

The federal government has done many things to increase the cost of programs without intending to do so.

For example?

A prime example is the placing on the payroll of thousands of so-called poverty lawyers—working for the Office of Economic Opportunity—who have undertaken to represent the poor. In some cases, these poverty lawyers are suing the federal government itself. Nobody in his right mind would hire a lawyer to file a lawsuit against himself. It is utterly ridiculous.

What effect has this had on existing welfare programs?

These poverty lawyers have had the greatest victories—at federal expense—in winning lawsuits against

Why New York for Research and Science?

New York gives a state business tax credit—up to nearly 100% abatement in some cases—on investment in new, expanded or modernized research or science-oriented production facilities. On both buildings and equipment. Also on water- and air-pollution control devices.

Or you can depreciate the cost of just research and development facilities in one year. It's your choice.

New York offers other advantages:

- **Quick access to the nation's largest industrial market and two thousand industrial research laboratories and technical libraries.**
- **17 four-year engineering and technical colleges and 37 technology-oriented community colleges among our 200 institutions of higher learning.**
- **35% of our high-school students receive vocational training.**
- **NO state or local taxes on research laboratories' or manufacturers' personal property, such as equipment, machinery and inventories.**
- **A business "climate" which has produced (1) more than 7,700 new, expanded or modernized production and research facilities in the past 12 years, and (2) the lowest percentage increase in state business tax collections among major industrial states since World War II.**

Why? Because Governor Rockefeller wants it this way: "It is the purpose and policy of this state government to generate economic growth—more business, more profits, more payrolls and more jobs."

To find out what New York offers you, mail coupon below attached to your letterhead.

Commissioner Neal L. Moylan
New York State Department of Commerce
Division of Industrial Sciences and Technologies
112 State Street Room 427
Albany, New York 12207

Please send, free of charge, information on advantages for research and scientific firms in New York.

Name_____

Title_____

Firm_____

Address_____

City_____

State_____ Zip_____

Welfare Costs: Sky-High or Down to Earth?

continued

the states, forcing the states to do things that the federal government did not think the states should be required to do in the first instance.

For example, the law that Congress passed for aid to families clearly spelled out that a state was expected to have a residence requirement. The poverty lawyers won a case before the Supreme Court that the residence requirement violates the equal protection clause of the Constitution.

Has this led to abuses?

It certainly has. Without a residence requirement, it is within the capability of any person to get on welfare three or four different times in as many states. The state is powerless to inquire where the person lives or to insist that the person live in the state at any given period.

So this person I am talking about can very easily cross state lines and continue to draw a welfare check in the state from which he left and draw one also in the state to which he has moved. A person in New York could easily be on the welfare rolls in New York, Pennsylvania, New Jersey, Connecticut and Rhode Island, and at very little expense to himself.

Is there any way of stopping this?

When we put Social Security into effect it never occurred to anyone that some people would seek more than one Social Security number for such a purpose. In Louisana we are now discovering that some people have as many as five Social Security numbers and we are finding cases where people on welfare are collecting as many as five checks through a single welfare office.

Is this widespread?

It is impossible to know how much welfare cheating we have right now because there is no way we can check on one state's welfare rolls against another's to determine which people use multiple names and multiple Social Security numbers.

Hasn't the government claimed the extent of this fraud is negligible?

The Department of Health, Education and Welfare is spreading fraudulent propaganda about their welfare programs. They claim that only 1 per cent of their rolls reveal detectable fraud. That word "detectable" should be looked at carefully. It is perhaps the joker in the deck. Some studies that have been made show that as many as 79 per cent, in one extreme example, of people on family assistance rolls are receiving more than they are entitled to or even are totally ineligible.

Would you cite an example?

Here in the District of Columbia, Sen. Robert Byrd [D.-W.Va.] made a study some years ago and found that 59 per cent of the welfare recipients were ineligible and another 20 per cent were being overpaid. That's a cumulative total of 79 per cent. And this program was completely under the administration of HEW.

Since then, the Department has liberalized its programs and the poverty lawyers have made many people eligible who were not eligible before.

What is the outlook for welfare in this country?

The program is being made so burdensome that states cannot possibly administer it. The states will call upon the federal government to take it off their hands. At that point those who favor vast increases in welfare will contend that everyone can have much greater benefits because of the federal government's theoretically unlimited resources.

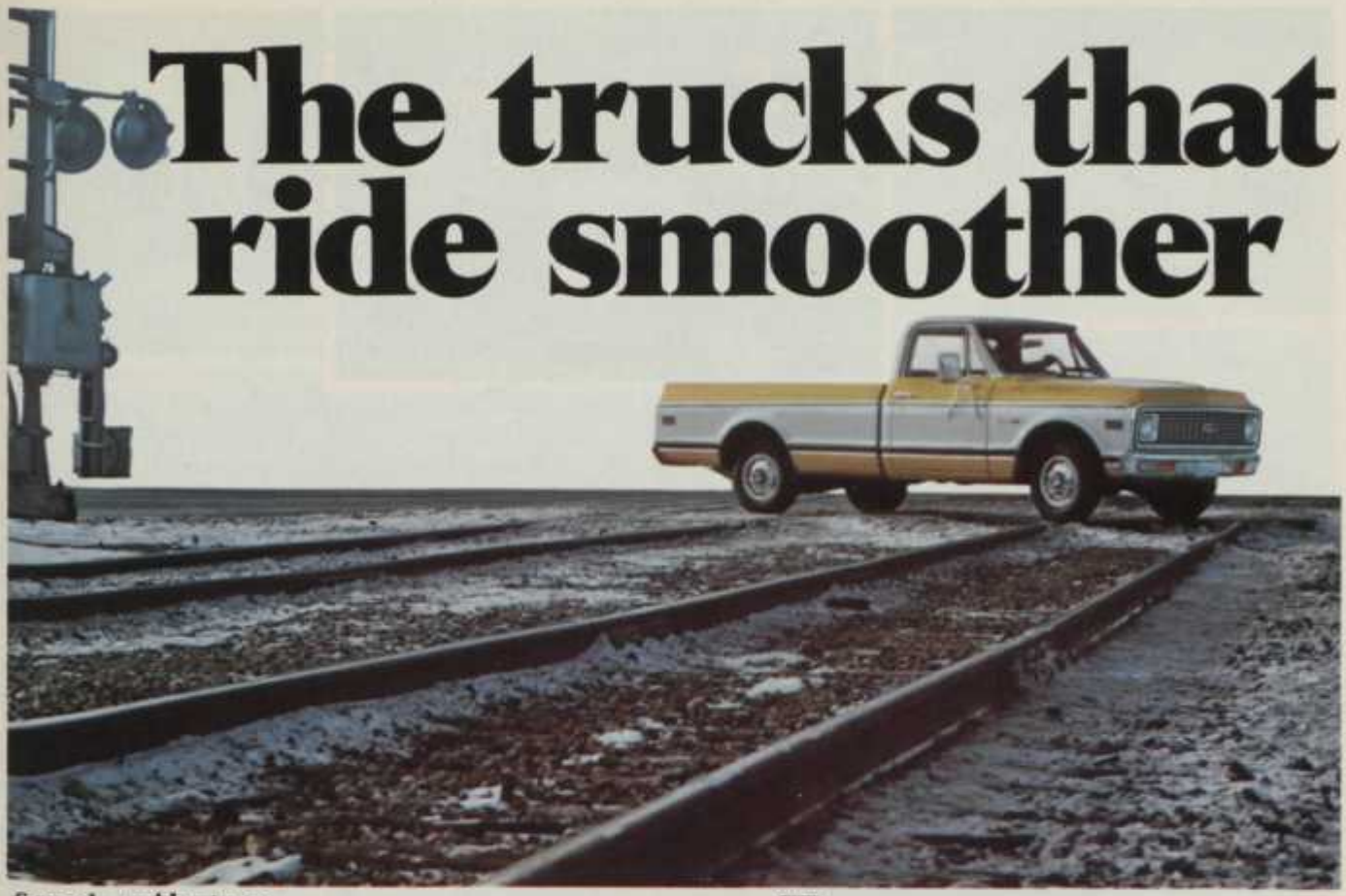
Senator, what is your record on welfare?

I believe that I have been as liberal on the welfare program as anybody. Down through the years I have advocated amendments for the maximum possible increase in payments for the aged. I have supported amendments for increases for families. I have voted on practically everything of that sort until this Congress.

It is only these revelations that the program is loaded with fraud and that the so-called reformers would retain all the mischief of the existing program and double the size and cost of it without improving its efficiency that caused me to feel that I cannot support the program as it is being proposed by the Administration.

Work incentive tied in with welfare

The trucks that ride smoother

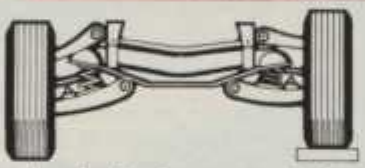


Smoother wide-stance Super Suspension

Over the years Chevrolet has led the way in engineering a smooth truck ride.

We were the first to introduce independent front suspension. We've built 1½ million more light-duty trucks with this type of suspension than anybody else.

In the rear Chevy leads the way by making available two-stage coil or leaf springs. Most



trucks don't give you a choice.

And most trucks don't give you Chevy's steady wide stance ride.

Chevy's Super Suspension. The smoothest truck suspension system going. And the trucks that ride smoother, work longer.

That's a fact.

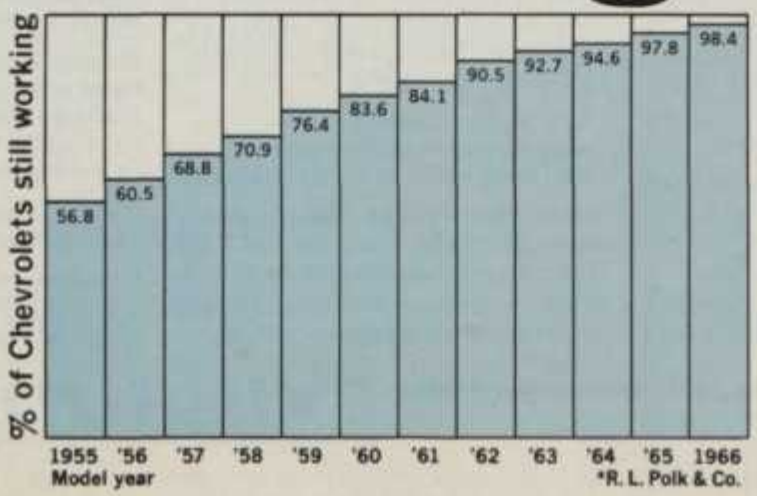
Look at Chevy's work record

The accompanying chart, based on the latest official figures,* shows how Chevrolets outlast other trucks.

Going back as far as 1955, for example, over 56% of the Chevy trucks of that model year are still going strong.

No competitive make has as many as half of its '55 models still working. Could it be a life of hard knocks was too much for them?

work longer



*R. L. Polk & Co.

Chevrolet

Totally tougher trucks

Buckle up for safety.









It makes more sense for more kinds of boating than any motor ever built.

Evinrude's 60 hp Triumph does *all* the things an all-purpose motor ought to do.

It delivers competition-caliber *speed*. Triumph holds the World's closed course runabout record for its class, and for the next larger class.

It's tuned and geared and propellered for *power*. Big-boat, big-load, big-water power. The kind you normally need a 65 or 75 hp motor for.

It's a skier's *ski motor*. With low-end muscle for gang skiing starts, and top-end drive that stands up to slalom cuts by tournament-class skiers.

It trolls by the hour — thanks to straight-in fueling that eliminates puddling and "loading".

With all its versatility, Triumph actually costs less to run than motors that can't match it in performance.

There are two very good reasons why: (1) Loop-charging; and (2) Pressure-pulse exhaust tuning.

Loop-charging is a more efficient way of charging an engine with fuel — that eliminates the need for deflector "humps" on the pistons and deflector bulges in the combustion chamber.

Pressure-pulse tuning converts exhaust energy into usable power — as much as 20% more power. Which helps explain why Triumph delivers so much performance on so little fuel.

It's the largest selling motor in or near its class.

It deserves to be.

Write for catalog, Evinrude Motors, 4177 N. 27th St., Milwaukee, Wis. 53216.

power for the performance generation **EVINRUDE** ***first in outboards***

Div. of Outboard Marine Corp., makers of OMC Stern Drives

Welfare Costs: Sky-High or Down to Earth?

continued

has been tried before. Has it been effective?

It has not worked because under the Johnson Administration, HEW used its best efforts to keep it from working. HEW actually called meetings to show how to keep the work incentive program from succeeding and how to frustrate the intention of the Congress.

We are still trying to find ways to improve on the work incentive program. The difficulty is that those people in HEW, who seem to stay there no matter who is President, have plans for the contrary. The logic of some of that scheming is almost beyond belief.

For example, some of those people in the Department feel welfare payments should be so high and eligibility should be so broad that a person would be assured of as much as $5,500 a year without working.

What do you mean, Senator?

The theory is that if a person were assured that much money without working, he would not take a job unless it paid a lot more than that, and the work was pleasant. So presumably a person would not take a job unless it was paying him at least $11,000 to do something he enjoyed doing.

The idea is that if you make your welfare payments high enough and easy enough for people to get for not working, then nobody would have to take anything but a good job.

It is hard for some of us to see who is going to do the work that someone has to do if society is going to continue to operate. Somebody has to pick up the trash if the streets are to be kept clean.

The Nixon Administration has proposed that 265,000 public service jobs be created under the President's welfare program. What is your view on that?

I favor it.

Is the Congressional climate better now to do this?

Yes, I think that it is likely to happen. But here's what I think we ought to do first: We ought to have federal programs in times of slack employment to try to provide the maximum amount of employment in the private sector. For example, if we have as much as 6 per cent of unemployment, which we have now, we ought to try to absorb perhaps 40 to 50 per cent of those unemployed in the private sector.

Then when we reduce our unemployment to the extent that we reasonably can by private methods, we should provide marginal jobs in the public sector. Those marginal jobs—cleaning up the litter, beautification of communities, improvement of parks and playgrounds—could be made available to a lot of people who otherwise would be welfare recipients.

How about women with children where there is no husband support?

We ought to make every effort to require the husband to support his children—which is not being done now—before we require society to support those children.

As it stands today, the desertion of a child is only a matter of domestic law within a state. It is difficult to find the father, and if you find him, he moves somewhere else.

Is there a way to make these fathers shoulder their responsibilities?

We should require that the tax collector use the Social Security numbers, which are the same as the tax numbers, to find these fathers wherever they show up. We could have a federal law to accomplish this.

Then we could take some of these poverty lawyers and put them to work representing the federal government. They could file suit against fathers who decline to acknowledge, much less support, their own children.

Only when we have exhausted our remedy against those who have the first obligation to support their children should the government assume the entire expense of trying to support mothers with children.

How much would that cost the government?

Some people want to make child care run as high as $2,500 per child per year. I hope it will not cost anything like that in the early stages. We should try to hold the cost down because here again is a federal program which could cost $10 billion a year for openers. END

Make yourself comfortable in Houston.

Stay at The Rice. Whether you want a tasteful, comfortable guest room, or a lavish, comfortable suite—we can accommodate you. Our dining facilities are just as superbly modern, and there are four excellent restaurants to choose from. So when you hear a report about the exceptional accommodations at The Rice Hotel, you'll probably want to check into it.

THE RICE HOTEL

Main at Texas, Houston
(713) CA 7-2111

$1,500 to $6,000

Personal Loans to Executives

*

Strictly Confidential

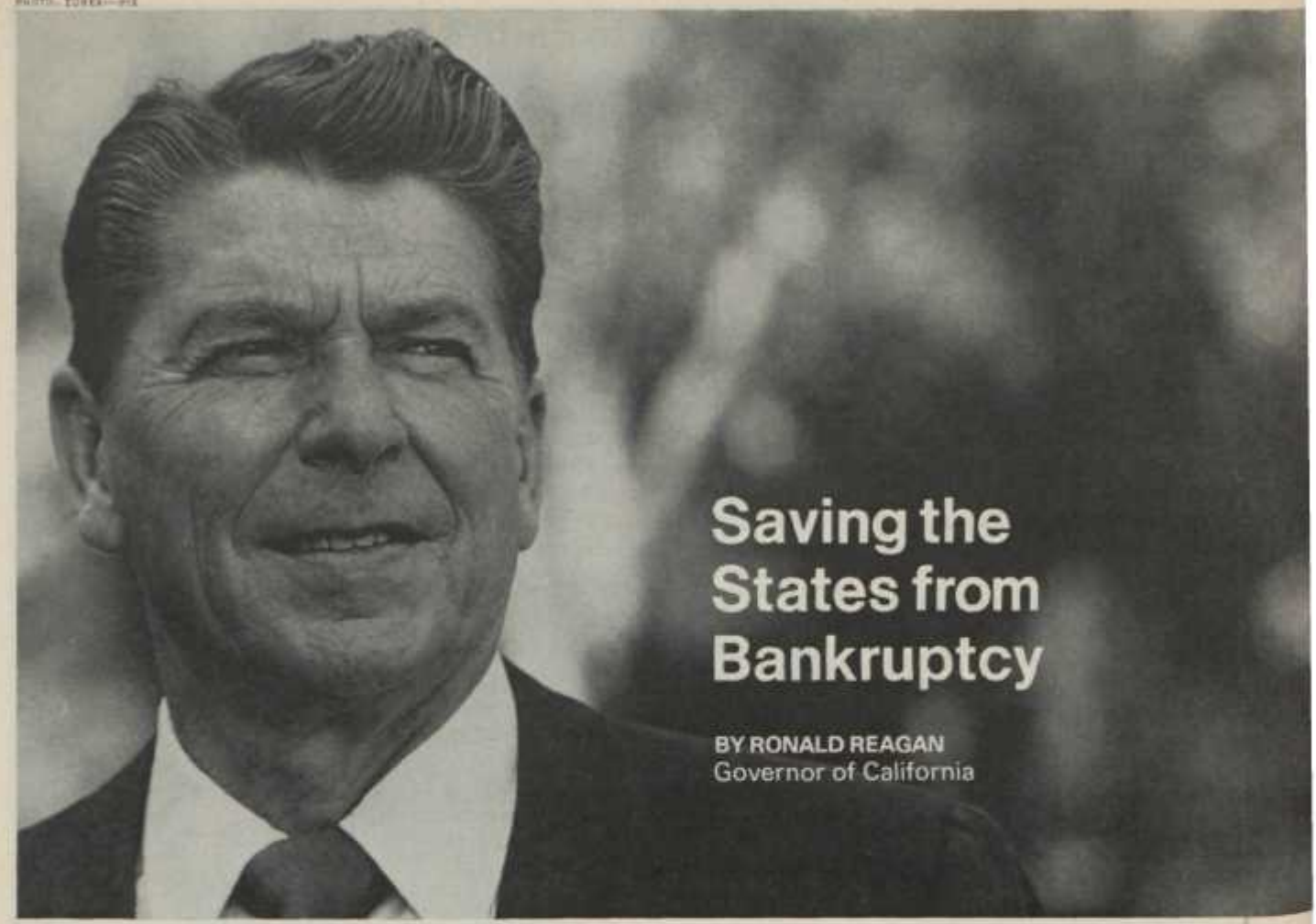
*

A nation-wide Executive Loan Service designed for responsible executives as a convenient supplementary source of personal credit. No collateral, no endorsement, no embarrassing investigation. All details handled by mail from the privacy of your office. If you pre-pay we refund all unearned interest.

References:
First National Bank of St. Paul
Northwestern National Bank of St. Paul
First National Bank of Minneapolis
Northwestern National Bank of Minneapolis

For full particulars write
Mr. A. J. Bruder, Vice President

Industrial Credit Plan, Inc.
620 Hamm Building
St. Paul, Minnesota 55102



Saving the States from Bankruptcy

BY RONALD REAGAN
Governor of California

Public welfare in the United States is a costly and tragic failure.

It had its origin in a humanitarian concern for the poor. But the complex system of public assistance that has evolved over the past three decades has become hopelessly bogged down in bureaucracy, bound by red tape and corrupted by legal loopholes which permit diversion of welfare funds to people with well-paying jobs.

The system is unfair to working citizens who find themselves financing benefits that sometimes exceed their own standard of living.

It is unfair to businessmen who must pay higher and higher taxes to support what any sophomore business administration major would call an administrative atrocity. And it has become an intolerable financial burden on state and local governments forced to delay or underfund other essential programs to provide more and more money for welfare.

Yet the most tragic consequence is even more basic. Because our resources are stretched so thin to accommodate some people who should not be on the rolls in the first place, welfare does not provide sufficiently for those who need help most—the elderly, the blind who cannot work, the permanently disabled and the family with little or no income.

Inefficiency, fraud and legal abuses often made possible by unrealistic regulations handed down from Washington have seriously eroded the public's confidence in welfare.

In New York, a welfare family was housed in the Waldorf-Astoria, the famous luxury hotel. In California, we recently had to rescind a welfare referee's ruling that an $11,000-a-year teacher was entitled to receive public assistance during two summer months when she wasn't earning her regular teaching salary.

Pennsylvania went to court to bar *aliens* from receiving benefits provided by Pennsylvania's own state-financed program of general relief.

In Nevada, Democratic Gov. Donal N. (Mike) O'Callaghan became a target of picketing and harassment by the National Welfare Rights Organization because his state dropped from the welfare rolls hundreds of persons found to be ineligible for benefits.

Permanent poverty

It is not that our citizens oppose helping the legitimately needy. Americans are a generous people. We have always been ready to lend a neighbor a helping hand, whether he lived down the street or across the sea. Yet this humanitarian concept of welfare—the traditional temporary helping hand—has been grossly distorted by the present welfare system.

The system is destroying people, our most precious resource, by creating a permanent and growing poverty



LOS ANGELES TIMES PHOTO

National Welfare Rights Organization President Catherine Jermany talks to California demonstrators.

class. We now have third and fourth generations of families on welfare because the system simply has no goal, no purpose. Its goal must be to eliminate, if possible, the need for itself. We must begin to measure the success of welfare not by how many additional people we put on the rolls each year, but by how many we restore to the dignity of self-sufficiency.

These are not merely my opinions.

President Nixon calls the present welfare system "a monstrous, consuming outrage—an outrage against the community, against the taxpayers, and particularly against the children it is supposed to help."

That statement finds virtually unanimous agreement from Governors, mayors and county officials struggling to cope with the soaring cost of public assistance and the rising numbers of people who receive it.

The case for welfare reform does not require further debate. What is needed is a comprehensive program of action that provides an effective way to stop the growth of welfare, reduce its cost, and at the same time increase benefits for those whose only source of support is public assistance.

We are seeking to put into effect just such a program in California.

Because California is the largest state and traditionally has been a national leader, this program—now before our legislature—already has been the subject of considerable national attention. Perhaps because of the sponsor, it also has been the target of an avalanche of criticism by the entrenched welfare bureaucracy and their supporters in California and elsewhere. This is not a new experience for my administration.

Virtually every attempt we have made to curb welfare costs and eliminate fraud and other abuses has been denounced by organized welfare recipients and social workers. We have been accused of heartless penny-pinching and often have been challenged in court by groups headed by the "professional poor" who view welfare as an acceptable lifelong career for millions of Americans.

Other Governors, Democratic and Republican, have had the same experience when they sought to correct welfare abuses. But we must not be deterred from meeting our responsibility to all the citizens we represent—including the truly needy recipients with no outside income, who are the most tragic victims of the present unworkable system.

Our responsibility can only be met by facing up to the crisis in welfare.

Spend, spend, spend?

At the National Governors' Conference earlier this year, the main topic of speculation was how long *any* level of government could keep pace with the rising cost of public as-

Saving the States from Bankruptcy *continued*

sistance. There was almost general acceptance of the view that simply pouring more tax money into welfare would be only a temporary expedient.

We reached that same conclusion in California last year after four years of trying to bring some degree of fairness and fiscal order to a system that has grown to unmanageable proportions through a combination of federally dictated rules, court decisions which liberalize benefits while adding more recipients to the rolls, and some complex and unreasonable state regulations that were rooted into law when I took office.

Previous efforts to take corrective action proved inadequate. We need a reshaping of the whole system.

What we call California's welfare and health care system for the needy is really a state implementation of a number of federally mandated public assistance programs, plus locally financed programs of general relief.

The federal programs, which are common to all states, include Aid to the Blind, Aid to the Permanently and Totally Disabled, Old Age Assistance (a state-administered program that provides cash grants to those not on Social Security or supplements insufficient Social Security benefits) plus Aid to Families With Dependent Children.

For the fatherless

This latter program, AFDC, is designed to provide monthly cash grants, medical care and other welfare fringe benefits for fatherless families or for families where the wage earner is unemployed.

In California, more than 70 per cent of AFDC recipients are in homes where the father has deserted the family or is absent for some other reason and does not contribute to his children's support.

This is the largest and fastest-growing welfare program, not only in California, where it grew 39 per cent last year, but across the nation. And this is the program where much of the most outrageous abuse has occurred.

The fifth element of public welfare is the state's implementation of Medicaid, the federally supported health care program for the needy. We call it Medi-Cal in California. It is designed to provide health care for people on welfare and for the "medically needy" —citizens who have sufficient income to live on, but who cannot afford to meet their own health care expenses.

In implementing these programs with state financing added, California provides the nation's most generous over-all array of welfare benefits.

The present system in California costs more than $3.5 billion annually in state, local and federal funds. One in nine Californians, some 2.4 million people, receive some sort of welfare or Medi-Cal benefit. Unless we take action, those figures will increase by the end of the next fiscal year to three million people, or one in seven Californians.

Much of this growth has been the direct result of unreasonable administrative decisions, federal regulations and court rulings which originated in Washington.

An example is the 1968 U. S. Supreme Court decision which declared that California and 39 other states no longer had authority to require a reasonable period of residence as a condition for receiving welfare.

The court said this infringed on the welfare recipient's "right to travel."

As a result, during the coming fiscal year, almost 60,000 people who would not have qualified for welfare under California's previous one-year residence law will be drawing benefits—at an estimated total cost of $55.9 million. By the end of 1971–72, this court decision alone will have added about $155.4 million to the cost of welfare in California since the ruling's first impact was felt in our state.

Those who think the ruling settled the residence issue are underestimating the bureaucratic capacity for confusion.

A state must start paying welfare the instant a potential recipient arrives, the court said, but our neighboring state of Arizona recently was accused of being "out of conformity" with federal regulations because it wanted to terminate welfare payments to recipients after they had been absent from that state for three consecutive months.

In welfare's fantasy land of conflicting court rulings and regulations, residence is one thing when a recipient is arriving and something else again after he's gone.

Court decisions involving various parts of the welfare program have added $441 million to its cost in California since 1967 and if we lose the remaining cases that are pending, the cost will increase by another $1.8 billion.

Some federal regulations are just as ridiculous.

Several years ago, Congress adopted "work incentive" amendments to the Social Security Act (which governs some of the welfare program). The idea was to encourage welfare recipients to take jobs and lessen their dependence on welfare.

Aid that won't quit

The goal was excellent, but the federal formula devised to reach it has produced a massive legal loophole which allows some recipients to remain eligible for benefits when they take jobs which give them high incomes.

This rule, popularly known as the "$30 and One Third" formula, has to be translated into specifics to see how unfair it is.

Consider this situation: A woman on Aid to Families With Dependent Children receives a monthly cash grant of $221 plus Medi-Cal benefits worth $1,127 a year for an AFDC family of four, and qualifies for bonus food stamps, free school lunches and other fringe benefits of welfare. She finds a job paying $600 a month.

Then the legal loophole begins to operate.

She is able to exempt from her gross income the first $30 of the $600 plus one third of the remaining gross.

And in computing the family's eligibility for further benefits the wage earner also may deduct other "work-related" expenses such as union dues, child care costs, uniforms, transportation costs (including car payments), federal income taxes, Social Security deductions, etc. Finally, $25 per month in "miscellaneous" personal expenses may be deducted.

It is entirely possible under this formula for the $600-per-month AFDC family to reduce its "net" income to nothing and still receive the same benefits it got before, giving it more spendable income than almost 56 per cent of California's working taxpayers have. Under the $30 and One Third



LOS ANGELES TIMES PHOTO

Protesting cuts in emergency aid, welfare partisans picket in Los Angeles.

formula, it is possible (and it has happened in California) for families earning $1,200 a month or even more to remain eligible for welfare benefits.

In a ruling aimed at eliminating such abuse, a California judge said he thinks this regulation is "absurd."

So do I. Twenty-four of my fellow Governors, Democratic and Republican, joined me at the National Governors' Conference in asking Congress to develop a more realistic ceiling on the total amount of money a person may receive and still qualify for welfare aid.

We also asked for more effective state and local review authority to control eligibility standards for welfare and for sufficient authority at the state level to develop realistic public work programs for recipients who are employable.

These are short-term steps. We also must move swiftly to implement a more comprehensive and permanent reform program. What should we do?

A federal take-over of the entire welfare system is not the answer. This would simply toss it back to the very level of government which spawned much of the present problem.

Nor does it make sense to suggest that costs can be reduced by doubling the number of people on public assistance. That is, in effect, what we are asked to accept by those who advocate federal administration of welfare and a guaranteed annual income.

Citizens task force

In California, we are trying to overhaul the existing system in a way that will provide true welfare reform and, ultimately, lower costs.

Last summer we appointed a task force of volunteer citizens and our own administration appointees and staff.

Teams of attorneys combed the welfare regulations and law books to trace the origin of the publicized examples of legal abuse and fraud I have mentioned. Administrators studied the management structure to see how it could be simplified and strengthened. They worked for seven months.

The result was a 70-point program, the most sweeping and comprehensive welfare reform ever proposed in California. Fully implemented, it would save an estimated $566 to $836 million a year in state, federal and local costs.

But even more important, it would streamline the system so public assistance could be supported through existing tax revenues.

Parts of our program deal with inequities resulting from California's own unreasonably liberal welfare rules. But most of our efforts are aimed at restructuring the federally mandated public assistance systems that exist in every state and city.

Our program could be used as a blueprint for welfare reform in any state. Most Governors have expressed support for our goals and many have



You will appreciate your Lathem most when a wage-hour inspector comes by...

All year long, a low cost Lathem time recorder can provide you with accurate clock-stamped employee payroll and job time records. This encourages promptness, improves bookkeeping and avoids timekeeping disputes. Then, the day arrives when a wage-hour inspector visits you. He wants to see your hourly time records. This is the moment of truth. If they have been recorded on an error-free Lathem time clock, you can be confident that you can prove compliance with the laws. There's a Lathem time recorder to give you this peace of mind, whether you employ 5 or 500. Mail the coupon below. Without obligation, we will recommend the best Lathem model for your type business.

LATHEM TIME RECORDER COMPANY
162 Selig Drive, S.W., Atlanta, Ga. 30336
Please send me complete information and prices, also payroll time card samples.

Name_____

Company_____

Address_____

Lathem
TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

Saving the States from Bankruptcy *continued*

written for copies to see how they might implement similar programs.

The goals are simple:

- To remove from the present demeaning welfare structure the 600,000 Californians who are not potentially employable (the aged, the blind who cannot work and the permanently disabled). These people are, in fact, pensioners and should be supported by monthly cash grants in the same way Social Security benefits are distributed to retired workers.
- To require the able-bodied to seek a job, train for employment, or serve their community in a proposed Public Assistance Work Force as a reasonable condition for receiving welfare benefits.
- To strengthen family responsibility and adopt other reforms that will save administrative costs.
- To reform Medi-Cal, a program which has been plunged into one fiscal crisis after another because it provides virtually unlimited free health benefits.
- To increase welfare assistance for those who remain on AFDC and other programs after tighter eligibility standards and income limitations eliminate or reduce the monthly cash grants for the 25 to 35 per cent of recipients who now have significant outside income from employment or other resources.

Breaking the cycle

Our aim is to break the welfare cycle by completely changing the basic approach of Aid to Families With Dependent Children.

AFDC now is simply a financial dole on which some families have been dependent for several generations. We propose to shift the emphasis; aid would become merely a temporary helping hand en route to self-supporting status.

Those who refused to seek work, train for a job or join the Public Assistance Work Force would be denied further welfare aid.

The tasks assigned to the Work Force would not be boondoggles.

They could include helping clean up litter along highways; working in earthquake, flood, forest fire or oil spill cleanup crews; maintaining park and recreational facilities that now go unattended; or providing child care so other welfare recipients could work. Los Angeles County already has discussed using welfare recipients as school monitors and watchmen to prevent violence and vandalism.

The family responsibility part of the program means, among other things, increased emphasis on collecting child support payments from absent fathers. Last year, California counties collected about $36.5 million from about 15 per cent of 230,000 absent AFDC fathers. If the same average month y payment ($75) could have been obtained even from 50 per cent, well over $100 million would have been collected.

As for reforming Medi-Cal, we don't think it is fair to ask working citizens to pay higher taxes to support a program that gives welfare recipients far more benefits than the taxpayer can afford for his own family.

Medi-Cal serves 2.4 million people and provides free more than 20 services, including basic benefits (hospital and doctor costs) plus full payments for dental care, chiropractors, occupational therapy, optometrists, podiatrists, etc.

One California newspaper estimated a family of four would have to pay $2,000 a year in premiums to get the same benefits available to welfare recipients under Medi-Cal.

We propose to continue a full range of essential health care benefits, but include realistic limitations to prevent costly overuse.

The reform plan, which requires a federal waiver as well as legislative approval, calls for adult welfare recipients to pay $1 per visit to doctor or dentist, and $3 per day for hospital or nursing home care. Provision, of course, is made for catastrophic illness and for persons with no income at all.

We have no illusions that our program will be easy to enact. But we are going to try.

The whole welfare system is about to collapse from the financial burden it is putting on the taxpayers.

The truly needy deserve a better deal. The working taxpayers demand welfare reform.

For states and local governments, the choice is even more simple: Welfare reform or bankruptcy. END



If you don't have disability insurance, it's your business.

Your business to lose if injury or ill health stop you from working.

It can happen. Statistics show that one in three men are disabled at least once before retirement. From a few months to a few years or even longer.

That's why the Innovators at Great-West Life have worked hard to develop unique new disability insurance plans for business owners and professionals. To protect your business.

Great-West Life disability insurance provides continuing monthly income until you're back on your feet. It offers tax advantages. And it's non-cancellable. That means you don't risk losing coverage even if you develop a recurring health problem.

Talk to the Great-West Life Innovators. What they know is good for your business.

Great-West Life

The Insurance Innovators



Industry's Untold Multibillion-Dollar Story

Can an employee appreciate the extra benefits his company gives him if he hasn't been clearly told what they are? Many a company would profit from pondering that question

Not long ago, a West Coast manufacturer raised a $3 million question.

That sum is about what it spent each year, over and above salaries, on employee benefits.

How much, it wondered, did its employees know about them?

Marsh & McLennan, Inc., Chicago consultants, agreed to find out. The consultants sent questionnaires to more than 1,000 employees of the firm, which they call XYZ Co.

Half knew so little about the benefit program—or cared so little about it—that they didn't even bother to reply.

Of those who did answer, only about six out of 10 felt they understood the company's medical, profit sharing, disability, life insurance and retirement benefits.

In fact, far fewer really did.

For example, only 25 per cent of those who responded actually knew what surgical benefits they were entitled to under the company's basic health plan. Only 40 per cent knew how much group life insurance they could get.

"This is quite typical of audits we have done of what employees know—or think they know—of employee benefits," says James D. Hawthorne, Marsh & McLennan's manager of communications services.

"Only about one salaried employee out of five at XYZ demonstrated an accurate knowledge of what his company was spending $3 million a year to do for its employees.

"This is probably true at most companies."

If so, this must be the most expensive, untold story in industry.

Boom in benefits

Employers lay out staggering sums for "fringe benefits." In 1971, for example, they'll shell out more than $125 billion for them, the Chamber of Commerce of the United States estimates.

This is more than $40 a week for every employee.

These extra benefits now average 28 per cent of wages.

Thus, for every $4 that an employee gets in direct pay, he receives more than $1 in indirect, less visible, rewards. Furthermore, the benefits are going up twice as fast as regular pay increases.

What does business get for this outlay on pensions, subsidized life insurance, health care and other extras?

"In my view, worse than nothing," says Niels H. Nielsen, benefits manager, Allis-Chalmers Manufacturing Co.

"The benefits are supposed to attract and retain employees. Instead, they often confuse them, and sometimes annoy or antagonize them!"

The trouble is, experts say, that while management gives generously, it is curiously tongue-tied about saying so.

Or lamentably ineffective, when it does try.

"Uninformed employees," comments one authority, "are frustrated employees.

"In growing numbers, they are writing their Congressmen when they don't get what they expect—even when their expectations are unrea-



CARTOON, RALPH ROBINSON

sonable and based on lack of knowledge of a company's benefits program.

"So the politician is encouraged to make their expectations come true by passing a law. It costs him nothing and makes him look generous.

"It costs the employer plenty—and makes him look like a skinflint for not having acted on his own.

"And here's the end result: The employer loses control over the cost—and design—of his own employee benefits program.

"The irony is that he probably started it in the first place, on his own initiative."

The new should know

While experts may disagree on how to get the benefits message across, all agree that new employees should be thoroughly briefed.

Don't forget, every company has turnover. Chances are, at least one out of every 20 employees won't be with you next year.

That figure, from the Bureau of Labor Statistics, applies to production workers in manufacturing industries. White collar workers, especially the more highly skilled, tend to leave more often.

For example, your electronic data processing staff. The Diebold Group, Inc., recently asked some 500 firms: "How long do you keep your programmers and systems analysts?"

More than half said they lose 15 per cent or more of their EDP personnel every year.

The attrition in your sales department is probably worse than that. Sales Manpower Foundation, New York, estimates that, in two years' time, 49.8 per cent of all new salesmen will leave their employers.

When blue collar or white collar workers go, someone must replace them. Unless that someone is told clearly what extra benefits he gets, over and above his pay check, he won't know or value them.

But oddly enough, the Marsh & McLennan poll found new employees often knew the least about their employer's benefits.

One made this comment:

"The profit sharing and retirement plans are pretty much a mystery to me. I have never received any specific information about them—other than a letter that said I was now included in the retirement plan."

Such information also can provide the necessary edge to a company anxious to hire hard-to-get people with special skills.

What to do

What can business do to better tell its benefits story?

A lot of things, according to Robert M. Lutgen, manager, compensation and benefits, Household Finance Corp., Chicago.

At a recent American Management Association seminar on "Communicating Employee Benefits," he said:

"Most important is to have a well-planned, consistent, year-round program to get across to employees the extra benefits the company provides them.

"It should include frequent reminders of what these benefits mean.

"Some of the best, perhaps, are stories in the company's magazine or newspaper. These should tell what the benefit program has meant to individual workers who were disabled, sick or retired."

Here are six rules that Allis-Chalmers' Mr. Nielsen says a good information program should follow:

1. Make it personal. Center the information on the employee as an individual, not as a number on the payroll.

2. Tell everyone the whole story at least once a year. Cover the waterfront—not just pensions and retirement, but also vacations, holidays, insurance and sick pay.

3. Talk about the future. Show the employee what's being built for him as he continues to work for the firm.

4. Keep it simple and brief. A long, complicated explanation will bore your listener—not inform him.

5. Use regular company channels of communication. The employee looks to them as sources of information.

6. Repeat the message. You do not get results unless people remember

Industry's Untold Multibillion-Dollar Story *continued*

it. They don't remember unless it's hammered home.

"Don't do what one executive did," Mr. Nielsen says.

"He regularly reminded his employees that their benefits were 'the best in the industry.' Unfortunately, he never explained in detail what the plan was, what expenses it paid, and what it didn't.

"After a series of employee gripes when his 'best in the industry' plan didn't pay certain expenses, he got fed up. So he dropped his communications program entirely."

Wanted list

Evidently, many employees do want to know what their benefits cover.

Some years ago, the Health Insurance Institute made an extensive survey to discover how people would like their medical plans improved.

Here are the five most wanted improvements, and the percentage of those mentioning them:

- Eliminate red tape: 5 per cent.
- Increase services: 11 per cent.
- Lower the cost: 14 per cent.
- Pay bigger benefits: 20 per cent.
- Give more information: 25 per cent!

Why do numerous efforts to fully explain employee benefits fail?

One reason often cited by experts is failure to invest enough money and effort to get the message across.

"At my firm," one executive says, "fringe benefits actually amount to 40 per cent of our payroll.

"If we didn't spend enough to give employees a good idea of what they're getting, this enormous investment would be largely wasted."

Yet many companies, generous with benefits, are tight-fisted when it comes to the expense of telling employees about their generosity.

"I think they should look on it like the expense involved in marketing or merchandising," one benefit consultant says. "Yet they often don't.

"One of our clients was a firm which wanted to install a new profit sharing retirement plan. We helped them work it up. Believe me, it's going to cost them a pretty penny.

"Then we presented them with a program to explain it to their employees—and keep them informed.

"The president asked: 'How much will it cost?'

"We said: 'Five thousand dollars.'

"'Five thousand dollars!' he exploded. 'Just to tell 'em?'

"Yet this was a fraction of 1 per cent of what the retirement plan will cost that company."

Another reason often cited for the communications gap on benefits is that the company fails to tailor its message to the employee's needs.

"Too many employers talk about a program in terms of what it costs the boss," says David S. Danielson, personnel director, Methodist Hospital of Madison, Madison, Wisc.

"But instead, employees want to know what's in it for them."

Mr. Danielson drafted an itemized list of benefits the hospital offers its employees. It was called "Your Other Earnings—Employee Benefits."

"It spelled out exactly what each employee gets under some 30 different benefit programs the hospital provides," he says. "For example, we pointed out that a seemingly small item like the coffee break adds up to over three weeks' paid time off in a single year.

"We ran it as an insert in our monthly publication, *Pulse Beat*. The readership was tremendous. They took it out and brought it home so they could refer to it later."

Annual status reports

A step beyond that is the personal, computerized statement of benefits.

"More and more companies are using it to give employees an annual status report," says Howard Z. Herzig, executive vice president, Benefacts Inc., Baltimore, Md.

Benefacts is the largest of many firms in this new, highly specialized field. Its 300 clients include AT&T, Abbott Laboratories, Mutual of Omaha Insurance Co., Honeywell, Inc., American Can Co. and New York's Chemical Bank.

Each individual employee's benefits, determined by his length of service, age, family status, salary and other factors, is worked out on the computer.

This statement, hand-tailored for everyone from chief executive officer to office boy, is then printed out. Usually, it is mailed to the employee's home.

"That gives him and his wife a chance to go over it together," Mr. Herzig explains.

"And that's the ideal setting in which to get this information across. Employee benefits affect the employee's whole family, and they like to learn about them in those terms.

"Here's what one happy employee of the Atlantic Insurance Co. wrote the president of the company after receiving his Benefacts statement: 'My family now has proof of my worth, and apparently it is much more than they had anticipated'."

Abbott Laboratories surveyed employees in two of its divisions to test their reaction to such personalized benefits statements. Here are questions it asked—and employee response:

Do you think this serves a useful purpose to you?
Reply: Yes, 550; No, 1; Not Certain, 5.

Does your wife feel it's worthwhile?
Reply: Yes, 513; No, 2; Not Certain, 15.

Would you like to receive it again?
Reply: Yes, 549; No, 1.

"Keeping your message personal, and keeping it simple, are all-important," says Howard L. Peck, partner, Hewitt Associates, Libertyville, Ill., consultants.

"Never underestimate your audience's IQ, but also never overestimate the background they have.

"One example will illustrate what I mean.

"We had a client in Cleveland that wanted to set up an employees' savings and stock-purchase plan. We worked up a script that sounded fine to us—and to management. But we also wanted to try it out on the employees.

"We picked a group at random and it seemed to get through to everyone—until we came to one young secretary.

"'I think I get it,' she said, 'but what's stock?'" END

REPRINTS *of "Industry's Untold Multibillion-Dollar Story" may be obtained from Nation's Business, 1615 H St. N. W., Washington D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*



We keep track of 13,000 miles of fine plant sites and real estate areas

In the progressive 13,000 mile area stretching from the Great Lakes to California and Texas, Santa Fe keeps track of all the best sites and you can depend on us to track down facts, such as taxes, labor, zoning and other important information needed to help your company decide on the most effective place to locate and grow.

Santa Fe offers approximately 48,000 acres for residential, commercial and plant site development. In this vast acreage are 37 industrial districts ready for location of your plant or warehouse.

Santa Fe

We help America grow with an experienced team of Site Selection Service Specialists.

For information about the 13,000 miles of Santa Fe plant sites and real estate areas call or send this coupon.

Box 333
Santa Fe Railway, 80 East Jackson Blvd.
Chicago, Illinois 60604 (312) 427-4900

Please send me industrial information for

Arizona	Kansas
California	Missouri
Colorado	New Mexico
Illinois	Oklahoma
Iowa	Texas

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

TELEPHONE _____

Brains on the Shelf

An awesome amount of money is still being spent on research and development, but there is want amid plenty due to shifts in government priorities

"It's a hell of a note to work for more than 20 years to become a so-called technical expert and then be declared surplus in your profession," complains Gil Stanford, a Boeing Co. engineer who was laid off 16 months ago and has had only odd jobs since.

"And being surplus may not be the worst," he adds. "There is a very real possibility of becoming one of the hard core unemployed."

Mr. Stanford, 62, is involved in a self-help project which he hopes will produce some jobs for men such as himself (see box). But he knows the need is great.

He is one of about 50,000 engineers and scientists out of work nationwide, according to a Labor Department survey. Most of them lost their jobs due to cutbacks in research and development in aerospace and electronics, cutbacks largely traceable to shifts in government priorities.

In the Seattle area, where Mr. Stanford lives, an estimated 5,000 graduate research and development scientists and engineers are not working. And possibly another 2,000 will be among the 15,000 white and blue collar employees that Boeing is laying off because of the Congressional termination of the supersonic transport program.

There are other huge islands of unemployment among scientists and engineers in Massachusetts, Texas, California, Florida and Alabama, cen-

AN INVENTIVE FORM OF SELF-HELP



PHOTO, BOEING

The death of projects such as the SST has caused massive joblessness.



Gil Stanford (third from left) is president of Talent-Plus.

ters of the aerospace and electronics industries.

It is a troubling thing for the nation to have all this brainpower on the shelf. Many term it a disaster that may cost the U. S. its premier role in technology.

Others counter that science and technology are simply entering a new era, one that was inevitable because of the shifts in priorities and a three-year leveling off of federal funding.

An awesome amount of money is still being spent for research and development—the total was estimated at $27 billion last year, and it's expected to be higher this year.

Industry investment in R&D, aimed primarily at new products, continues to increase, but at a lower rate than in the 1950s and 1960s. It should reach $12 billion in 1972.

The federal research and development budget for '72 is $16.7 billion, a 7.6 per cent increase. But the emphasis is away from defense and space, and on research aimed at solving problems in health, environmental pollution, energy supply, crime, transportation, etc.

This is scant comfort for people like Gil Stanford, who for nearly a generation have been part of a glamor profession with seemingly unlimited opportunities for well-paid jobs. A tightened general economy has made it difficult to relocate or even switch to another field of expertise.

But more and more are thinking about it.

"Studies conducted in California show that 70 per cent of the jobless men in the $15,000 to $20,000 range want to leave the aerospace industry," says Floyd H. Hyde, an assistant secretary of the Department of Housing and Urban Development. "And they are willing to take a salary cut and undergo on-the-job training."

The crunch that has hit the aerospace and electronics segments of the scientific research and development field was not entirely unexpected. Many eminent authorities had predicted the dizzying boom could not continue.

But when the predictions came



PHOTOS: DOUG WILSON—BLACK STAR

Thousands of engineers and scientists are looking for work, but few are using the ingenuity of the four above in Seattle. They are members of Talent-Plus, a new organization of the unemployed, which started simply as a cooperative service for finding jobs in new fields. Now Talent-Plus sends teams of administrative, financial and technical specialists to provide free consultant services for small and medium-sized companies of all types. The objective is to create jobs by showing that technical and management expertise from the aerospace industry can help business in cutting costs, improving products and increasing profits.

Brains on the Shelf

continued

true, there was pure trauma, not only at some companies but at colleges and universities where in recent years more than 80 per cent of R&D work performed in physics departments was paid for by three agencies of the government—the Defense Department, Atomic Energy Commission and National Aeronautics and Space Administration.

A $300 billion boom

The research and development boom in the U. S. since 1946 has totaled about $300 billion, with most of it a direct response to the Soviet Union's challenge in military and space technology.

As it gained momentum, annual outlay on R&D from all sources—government, industry, institutions such as universities and foundations—jumped from less than $2 billion in 1948 to the $27 billion spent last year. The number of engineers and scientists nearly tripled in the same period, from less than 200,000 to 570,000, and thousands more will be graduated in the next few years.

Between 1948 and 1970, the average annual growth rate in research and development funds topped 10 per cent and in some years it soared to 20 per cent or more.

The brakes went on for the first time when President Johnson, in his last proposed budget, cut federal R&D spending by 1 per cent. President Nixon promptly restored the cut when he took office, but for the next two years held the line before asking Congress for the 7.6 per cent increase in the '72 budget.

It didn't take a cut in federal funding—just the leveling off—to cause near-chaos in R&D, because it's a field where employment must drop unless spending rises. The reason: inflation, and the so-called "complexity factor," which reflects the demand for more and more costly equipment.

Such equipment—high energy accelerators, higher capacity computers, electron microscopes, and so forth—is needed to maintain technical progress as processes grow more complex.

Government sources estimate that inflation and the complexity factor together reduce the R&D dollar's purchasing power by at least 10 per cent a year. The aerospace industry has dropped more than 50,000 engineering and scientific jobs—over 20 per cent of its total of such jobs three years ago.



Acres of design and manufacturing facilities, such as this Boeing Co. SST office, are being mothballed in the aerospace and electronics industries.

The cutback in funding of university projects may cause ultimately as much as a 50 per cent drop in physics research, says a spokesman for the American Institute of Physics. He calls the situation disastrous.

Chemistry and the other physical sciences, and advanced engineering, are having similar troubles.

Unheeded warnings

These developments have raised a chorus of objections against President Nixon's policies. He is accused of downgrading science and neglecting technology.

However, many leaders in science do not wholly blame the Administration. They say that warnings sounded within the R&D community that the boom could not be sustained indefinitely should have been heeded, and that expansion should have been slowed.

Dr. H. Bentley Glass, president of the American Association for the Advancement of Science in 1969, said then that despite "sweeping" scientific achievements, "the rate of growth of science and its applications to technology has been occurring at a . . . rate that cannot be maintained."

Dr. Glass suggested that the rate of growth in science and technology eventually would have to slow down to approximate the growth rate of the population.

Dr. Eli Ginzberg, Columbia University professor of economics and frequent White House adviser, says, "It did not require a great amount of foresight to realize that any . . . leveling off or a reduction [of federal R&D funds] would result in turmoil. And this is exactly what happened."

Dr. Ginzberg holds "scientific leaders" to account. They used their expanding budgets over two decades to constantly increase the output of scientists and engineers, he says, while paying little attention to the "eventual employment" of graduates and "less to their career prospects."

One problem is that higher education stays several years out of phase with business conditions. Universities still are graduating bumper crops of young scientists and engineers who entered college with happy prospects during the boom. More than 50,000 of these aspirants to the R&D community are being turned out each year with bachelor's, master's and doctorate degrees.

But jobs have become so scarce

special checking for small fleets

That's what we call our program for Free Assistance in Fleet Administration. And we don't care if your fleet consists of as few as two cars. Got an administration problem? Check with us. And you'll get the special attention and assistance usually accorded only big fleets.

This free assistance is but one of *ten* big-fleet programs available now to the small-fleet operator. The others include: Choice of Make & Model; Electronic Data Processing; Document Identification; Insurance Benefits; Tax & Title Service; Warranty Assistance; and Tire & Floormat Replacement . . . *plus ECL's unique Free Road Service and On-The-Spot Replacement Car Programs.* All of these are available from ECL. All at no extra charge. And all are described in our new, free brochure. Send for yours today!

Gentlemen:
Please send me your new car leasing brochure. I operate _____ vehicles, and I'd like to know more about your ten, big-fleet programs for small-fleet operators.

Executive Car Leasing Company
Purchase, New York 10577

A PEPSICO LEASING COMPANY

Only Executive Car Leasing Company gives the small fleet operator ten big-fleet programs.

Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Telephone _____

N-2





GUIDING LIGHTS

Well, we can throw a *little* light on the subject. At least 19,000 square miles of it. That's the size of the Mid-American growth area served by Union Electric. It centers on the 2½ million people in Metropolitan St. Louis, and stretches out to cover over 500 communities in a three-state area.

And we know it inside and out. Our Industrial Development Division makes sure of that. This is a special task force of business-engineering experts armed with first-hand knowledge of the many things you have to consider . . . availability of sites, economic and community factors, transportation, water, resources, taxes, labor supply and skills.

Just to make things easier, you can start checking things out in our unique Mid-America Planning Room (MAP Room). It's packed with more answers than you'll have questions . . . *today's* answers on the industrial locations that meet your *specific* needs.

Reserve the MAP Room as your site-seeking headquarters. If you want more information before you arrive, send for our free brochure, "St. Louis . . . Gateway to Growth." *Just write A. G. Baebler, Area Development Department, Union Electric, St. Louis, Missouri 63166. Or call 314-621-3222.*

UNION *Electric* *. . . where things get started*

Serving Missouri, Illinois and Iowa

that Ph.D.'s are scrambling for any openings.

Dr. Allan M. Cartter, chancellor of New York University and an authority on academic manpower, predicted six years ago that the Ph.D. "bull market" would crash by the end of the 1960s. He says it won't reappear for two decades.

According to Dr. Cartter, "We have created a graduate education and research establishment in American universities that is about 30 to 50 per cent larger than we shall effectively use in the 1970s and early 1980s. . . . The readjustment to the real demands of the next 15 years is bound to be painful."

A clamor for policy

As the science and technology pinch has deepened, a clamor has been raised for establishment of a federal policy which would prevent recurrence of boom and bust in R&D funding.

In Congress, the House Committee on Science and Astronautics held extensive hearings on the issue. It recommended the Administration immediately form a special committee to draft a basic national science policy by the end of 1971.

But this proposal was rejected. There are strong reservations about a single federal policy.

Some fear central control would mean that one group, or possibly a czar, would decide which projects would be funded, and in effect control the course of scientific development in this country.

Most scientists deeply distrust attempts to dictate how they conduct their research, or what they investigate.

The majority probably agree that U. S. science has been strong because there has been no single national science policy, but rather a multiplicity of science policies.

In practical terms, this means that a turndown by one agency does not kill any scientist's ideas; other independent groups may support his work. And history is replete with important projects which initially were rejected by some echelon of the bureaucracy.

Dr. Edward E. David Jr., the Administration's ranking scientist, who is both science adviser to the President and director of the White House Office of Science and Technology, believes in a "diversity of agencies" managing science programs, and has rejected the idea that he become a czar.

Dr. David holds that the White House should control science priorities by setting science budget levels for government agencies, with these agencies controlling spending.

Still, there are continued calls for some coordinated, institutionalized system for national science planning and budgeting. It would replace the system of the 1950s and 1960s which, according to Dr. Ginzberg, operated by "private persuasion" between the scientific leadership and the Executive branch.

"Neither voter nor legislator played a critical role in the decision-making process" then, he says. "The scientific leadership may have outsmarted itself by getting so much when so few people were actively involved."

Dr. Ginzberg contends that "for better or worse, the public must play a critical role in determining the scale and direction of scientific effort. Whether it does this poorly or well will depend on how successful the scientific community is in educating the interested citizen."

No guarantees

On the question of job safety in research and development, the White House has been officially silent. But Dr. Carl M. York, a member of Dr. David's staff, says:

"There is no way to protect either the physicist or the sociologist from changes in national priorities and goals. That is a hard political fact that the scientists must face."

There have been proposals in Congress for special employment programs to use the talents of jobless engineers and scientists.

The Administration has earmarked $42 million to aid such men in finding work. The Labor Department will spend some of the money on research into the problems of relocating highly skilled persons, and more of it on retraining, and paying job-hunt travel expenses and moving expenses.

Also, Government agencies working on urban problems are making available some opportunities for hiring and retraining of ex-aerospace engineers. And the President's '72 budget calls for a $243 million hike in the amount designated for university science, to $1.9 billion.

None of these developments, however, is expected to have major impact on scientific unemployment.

Dr. A. George Gols of Arthur D. Little, Inc., Cambridge, Mass., consultants to government and business, is one who predicts the job situation will get much worse before it gets better. He believes the Labor Department survey is wrong on the number of unemployed engineers and scientists—by 50,000.

"There easily have been 100,000 research and development jobs eliminated in the last two years," he says and predicts another 75,000 to 100,000 will be cut in the next two years.

Despite the current trauma in the R&D community, the U. S. maintains a larger R&D effort by far than any other nation does.

The National Science Foundation says that at a point when U. S. spending came to $25 billion a year, the Soviet Union was spending the equivalent of $12.5 billion; West Germany, $3.5 billion; Japan, $1.8 billion and Britain and France, $3 billion each. The ratios are believed still valid.

The Defense Department, however, contends such figures don't tell the whole story. It says there should be major concern in the immediate future for U. S. leadership in the military area. Dr. John S. Foster Jr., the Pentagon's director of defense research and engineering, says the Soviet Union is devoting 40 to 50 per cent more to military R&D than the U. S. is.

There is also concern that bright young students pondering careers in science will be turned away by the experiences of some of their elders.

Dr. Wallace R. Brode, a former president of the American Chemical Society, is one of those who hopes this won't come to pass.

In 1990, he says, when the college population is about three fourths the size it is now because of birth trends, the U. S. is "going to have a real deficiency of scientists and engineers. It may well be that this decade will be the last time we will have an excess." END

Your Stake in the New Postal Setup



A modern emblem symbolizes the expected new era for the postal system.

D-Day for conversion of the creaky, 182-year-old U. S. Post Office Department into a corporation-type organization run along business lines is July 1.

That's when the U. S. Postal Service completely replaces the deficit-ridden Cabinet-level Department. And the new system's Board of Governors hopes it's also the day that sees the dawning of an era of high quality service.

Businessmen have a tremendous stake in this new postal setup as:

- Members of the group that will pay most of the costs of improving performance. Business originates 75 per cent of all mail (another 8 per cent goes from households and government to business), and the rates are rising.
- Contractors and suppliers in the Postal Service's multibillion-dollar program to build new facilities, update others and equip them with the latest machines technology can devise.

But businessmen probably have their greatest stake in whether the new Postal Service does what it says it can do: translate modern management techniques and technology into practical ways to make mail delivery more efficient.

To accomplish this goal, the Postal Service has drawn up a blueprint for large-scale modernization.

It also aims to constantly analyze its market and offer new services to attract more customers—and more revenue.

Most of the top echelon of the Postal Service has been recruited from business. These men point out ruefully that when the Mailgram, transmitted by Western Union and delivered by mailmen, was introduced in 1970, it was the first really new type of service the Post Office Department had offered since the start of airmail 52 years earlier.

Not small change

The cost of switching postal operations into a self-governing agency which is answerable neither to Congress nor to the President, and which eventually is supposed to pay its own way, is going to be high for users.

There will be an initial over-all increase in rates totaling $1.45 billion a year. First-class postage is scheduled to increase from 6 cents to 8 cents an ounce this month and substantial in-

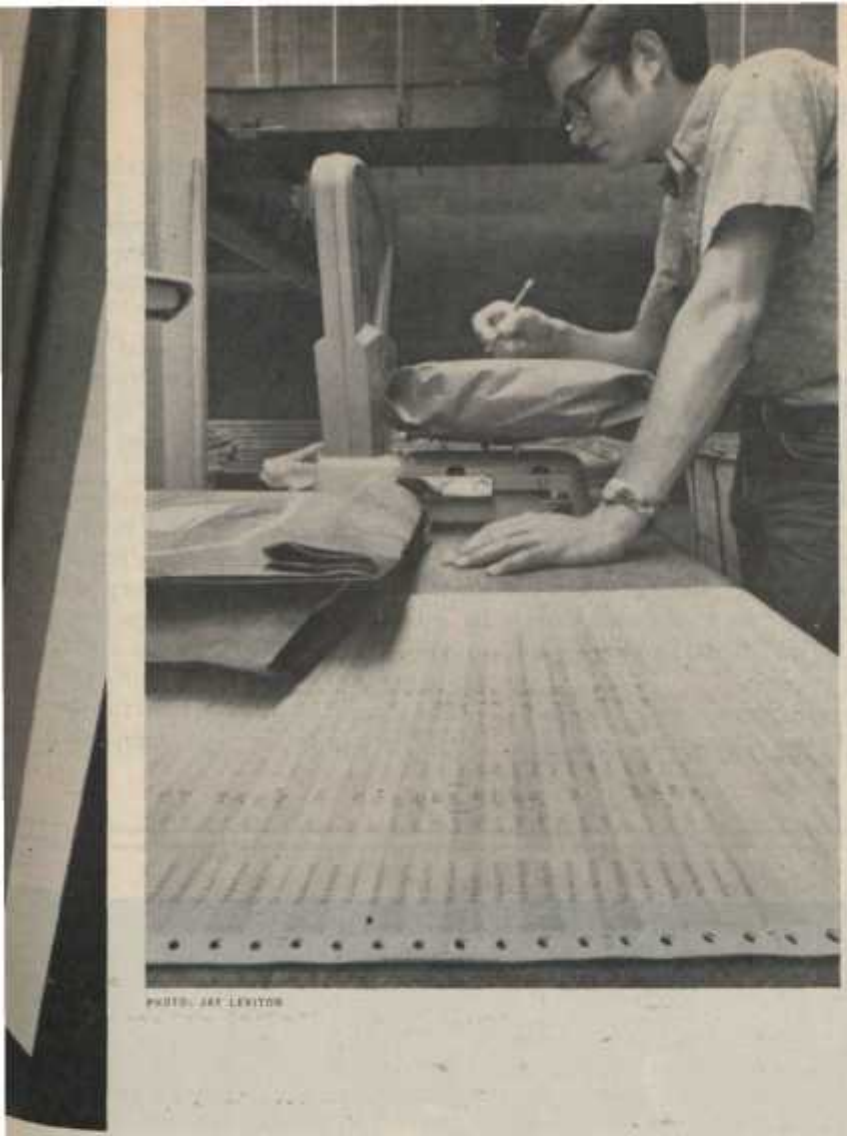


PHOTO: JAY LEVITON



PHOTO: CHARLES RATKIN

Ralph Henderson, manager of catalog operations, J. C. Penney Co., sees better cooperation between business and postal system as one way to more efficient service. An example is Post Office approval of use of computers to calculate postage on Penney catalog orders (left). Shipments are broken down by states, which speeds handling by postal workers. Actual weighing of sample of orders checks on computers.

creases are programed for second- and third-class mail, immediately and over a five-year period.

The new Service has other means of financing itself besides postage.

It has authority to borrow up to $10 billion, at a maximum rate of $2 billion a year, and it will continue to get some direct federal payments.

The payments, however, are scheduled to be scaled down until, by 1984, they cover only mail Congress requires to be carried without charge or at a reduced rate.

Businessmen, as well as other citizens, have long complained about deteriorating postal service.

"It probably wasn't apparent on a day-to-day basis over the years how badly the service was slipping in meeting the needs that were being created by ever increasing volume," says Harold F. Faught, assistant postmaster general for research and engineering.

Just how far deterioration had gone was dramatized in 1966 when the postal system simply collapsed in Chicago for nearly three weeks.

Mr. Faught's office in the new postal setup will have the mission of pushing ways to modernize. The primary goal will be major cost savings, but the most immediate result of modernization, Mr. Faught feels, will be "significant improvement in the consistency of handling mail." It is the present inconsistency which brings most of the complaints from business users.

"There should also be greatly reduced damage to shipments," Mr. Faught says. Machinery is being evaluated which would keep packages from being dropped or piled onto other packages.

Thoroughly modern mailmen

Already in the works under the Postal Service's modernization blueprint are:

• Separation of letters and other preferential mail from bulk mail—parcel post and most second- and third-class—by construction of entirely separate networks to perform each function.

A bulk mail network, consisting of 21 highly mechanized major facilities and 12 satellites, is to be completed by mid-1976 at a cost of $950 million. A system of 23 new major facilities will be constructed for letters and

Your Stake in the New Postal Setup *continued*

other preferential mail. Work on this starts soon, though a total cost estimate has not been set.

• Intensified use of coding envelopes for automated sorting by machines that will either be able to read printed addresses or use a printed bar code.

• Greater emphasis on self-service operations in post office lobbies, in public buildings, in apartments, and at drive-in stands and other sites. Vending machines will dispense stamps, weigh packages, and accept combinations of bills and coins in return for a postage meter strip in the proper amount. They even will dispense boxes, tape, labels and string.

Automating the sorting function has to receive the first major technological thrust. Not only does sorting take more than 40 per cent of the postal dollar, but a single letter may be sorted as many as five or six times. And total postal volume is due to reach nearly 90 billion pieces this fiscal year and soar to 120 billion by 1981.

Postmaster General Winton M. Blount, who retains his title under the new setup (his relationship to the Presidentially appointed Board of Governors will be much like that of a corporation's chief executive officer to its board of directors), says that if the present level of mechanization is not accelerated, "we would need more than 300,000 additional employees to handle the volume."

The Postal Service will continue studies of the "two-tier" mailing system first adopted in Britain, in which mailers willing to pay a premium price get much faster handling on their letters, while those not particularly concerned about speed of delivery pay a lower price.

An experiment with a courier-type express mail delivery, which bypasses normal processing and uses special facilities at airports, will also continue.

The first service improvement keyed directly to the postal system changeover has already been scheduled. By July, next-day delivery will be guaranteed on airmail between principal cities up to 600 miles apart, if it's deposited in special mailboxes.

The biggest single cost item for the Postal Service, as for most businesses,

EUROPE IS ON THE MOVE IN MAIL

The Old World doesn't shy away from new developments when it comes to moving the mail. Here is a Baedeker of distinctive postal characteristics in Europe:

Italy has *espresso,* a handy 8 a.m. to 8 p.m. messenger service which businesses use extensively. The Italians, too, are in the forefront in testing use of radioed facsimile mail.

Spain has a highly popular "special-urgent" mail system. The addressee may pick up this mail at the airport or railway station on arrival. If he misses the pickup, the mail is delivered to his address on an "urgent" basis.

Germany's postal system, with 470,000 workers, is its largest business operation. Far-out research is a specialty in Germany, which has the oldest teleprinter network in the world. It's run by the post office, as is a system where computers all over the country can be hooked together so information can be shared.

The Netherlands spends 2 per cent of its postal construction costs on artistic works so that

PHOTO: TERENCE LE GOUIN—BLACK STAR



Postal trains have been running 70 feet below London since December, 1927. Authorities estimate it would take ground transport up to two hours to travel the same six and a half miles the electric-powered trains cover in 35 minutes.

will continue to be payroll. With 750,000 employees, it will have one fourth of all the civilian workers in the federal government. And under the reorganization, they become the only federal employees who engage in direct collective bargaining over wages and fringe benefits.

(Pay of other federal workers was, up to this year, set by Congress but under a new law will be fixed by the President on the basis of comparability with equivalent jobs in the private sector.)

The statutory ban prohibiting strikes by public employees was retained for Postal Service workers, with a provision for binding arbitration in any deadlocks over collective bargaining issues. America's first postal strike in history took place in New York City in 1970, despite the ban.

It was this strike, on top of the obvious need for higher quality service, which spurred Congress to action on postal reform.

Four of the major postal unions, representing 320,000 workers, are forming one big new union and expect some of the other postal unions to come into the fold later.

Negotiators for the postal employees, representing seven individual unions, are asking a pay boost that would total an estimated 30 per cent over two years, plus a wide range of improvements in extra benefits.

Whatever settlement is reached in this first-ever round of collective bargaining over pay in the federal government, the cost is going to be in the hundreds of millions of dollars.

The need for better mail delivery has brought about an increased awareness that business and the Postal Service need to cooperate.

"There are many, many ways in which business and the Service can work together for our mutual benefit," comments Ralph Henderson, manager of catalog operations for the J. C. Penney Co.

He cites the experience of his own company as an example.

Orders made through the catalog are shipped from two facilities of two million square feet each, one at Atlanta, Ga., the other at Milwaukee, Wisc. Seventy per cent of the ship-

post offices won't be eyesores. Twice a day delivery to homes has been curtailed to one per day. Two deliveries are made to businesses in large cities.

Belgium has privately owned parcel delivery which frees the postal service from handling this bothersome, often costly, chore. Belgians also are studying standardization of envelope sizes.

The mail moves fast in tiny Denmark. Letters posted in Copenhagen in the morning are delivered in provincial towns that afternoon. As in the Netherlands, deliveries have been reduced to one a day to homes. There are two a day to businesses.

In Norway a new machine puts phosphorescent markings on envelopes and another machine automatically sorts the letters by reading the markings. This is a pioneer version of a letter coding system used in Australia but it does not do the whole job of marking and sorting through half a dozen handlings as the Australian machinery does.

Norway's express service, called *gruppekorsband*, gets letters delivered within two hours after they reach any one of 250 post offices.

Swedish postal officials boast that even letters mailed in their country's far north are delivered wherever they are sent in Sweden in about 24 hours.

The concept of the "rolling post office" is a matter of reality in Sweden. Postmen driving around the countryside can cash or accept money orders, accept or pay out money from postal accounts and accept and insure registered letters.

Mobile post offices circulate in France, too—in the countryside, to small villages and in outlying residential sections of cities. In Paris, letters mailed in the city are delivered in as little as two hours.

Paris, as some other European cities do and New York and Philadelphia once did, sends much inner city mail through underground pneumatic tubes.

Switzerland uses lady letter carriers with neat little shopping carts to carry the mail. Bulk mail often is delivered by part-time workers —school kids and retired men. The Swiss, who have one of the world's finest telephone systems, run phone and postal business through a single government function.

They have pioneered vast, complex mail centers, usually next to a railway station, which perform all postal functions.

In Britain, postal officials say 94 per cent of all first-class letter mail is delivered in one day—all the way from John O'Groats in the north of Scotland to Land's End in southwest Cornwall. Many morning business deliveries are early enough so that mail will be available when the day begins. Three home and business deliveries daily are commonplace in London and other major cities.

A businessman in London can drop a letter in a mailbox as late as 11:45 a.m. and be confident it will be delivered before the end of the working day anywhere in the city except in outlying sections. Forty thousand bags of mail a day whip beneath the heart of London on a small-gauge underground postal railway which is six and a half miles long.

The British postal system is automating fast and much experimentation is going on. Britain has long been in the forefront of postal innovation. It was Sir Rowland Hill, secretary of the British postal system a century ago, who came up with the idea of making the sender rather than the receiver pay for postage.

Almost free:



What you need to know about business-partnership purchase agreements.

This authoritative and comprehensive 94-page hard-bound book is available without charge. Written for the businessman, it describes a typical partnership; entity and cross-purchase plans and advantages of each; valuation of good will; how to purchase on disability; taxation; use of a trustee; and specimen agreements.

In return for a complimentary copy we ask that you set aside a few moments, at your convenience, to discuss with one of our professional agents the specific role life insurance can play in setting up such purchase agreements. We can assure you the time spent will be as rewarding and informative as the reading of this book.

Please write on your business letterhead to: National Life Insurance Company, Department NB-1, Montpelier, Vermont 05602.

National Life
of Vermont
National Life Insurance Company, Montpelier, Vermont

LIFE INSURANCE, BUSINESS INSURANCE, DISABILITY INCOME PROTECTION, PENSION AND PROFIT-SHARING PLANS.

Your Stake in the New Postal Setup

continued

ments go by Penney truck to retail stores for pickup by customers. The remaining shipments go through the mail directly to homes.

In the traditional procedure, each order (averaging 3.5 items) was packed and the entire package weighed on a postal scale. The indicated postage was then affixed. Company trucks carried the packages to local post offices, where the sorting process began.

Now, the computer age has come to the mail order house: A bank of computers is programed with the weight and cubic dimensions of over 100,000 items, plus the packaging required for orders of the total weight and size shown. The computer calculates the postage for each order and keeps a cumulative total of the charges.

Postal authorities audit the operation periodically by weighing and calculating the postage on a random selection of orders.

Benefits for both

In return for permission to use the computer procedure, the Penney Co. volunteered to sort the packages by states they are going to, relieving the Post Office of that job.

Says Mr. Henderson:

"If we can sort cheaper than they can because of the way our shipments are coming out of our system, it only makes sense that we do that."

On the other hand, he says, it would also make sense for postal officials to reciprocate by sending their trucks to company docks for loading the presorted materials.

Another area for mutual aid, he says, is the huge mailing.

For example, the J. C. Penney catalog now goes into the postal system in a way that provides the most favorable rates for the company—a common business practice.

"The places where it is to our greatest advantage to introduce it into the postal system might be absolutely terrible as far as the system is concerned," Mr. Henderson says.

"But maybe we could work out a way whereby we would deliver it to whatever post offices could handle it most efficiently, and still get the most favorable rate.

"It's in areas like this that we can work together to make the system better. I hope personally that, as the new Service moves ahead, business can join in helping to reduce the cost of operation."

Another business viewpoint is that of companies which supply goods and services to the postal system.

One firm active in this field is International Telephone and Telegraph Corp., with experience in postal mechanization dating back to 1952, when it supplied a letter-sorting machine to Antwerp, Belgium.

Dr. Thomas Mathai now heads up an ITT postal unit of 700 employees, including 153 engineers, serving dozens of countries throughout the world.

Several foreign nations have moved faster than the United States in mechanizing postal operations, he notes, and their experience can provide valuable lessons as this country accelerates progress in that direction.

Dr. Mathai says the authorities heading up the U. S. postal modernization plan would be well advised to use equipment "that has been proven workable, is reliable over a long period and is available now."

He also notes that mechanization is not by any means a guarantee that the same job can be done with fewer people and lower payroll costs.

Rather, he says, mechanization "permits you to do such things as expand in the face of an increasing work load and offer additional services you otherwise wouldn't have the people for."

"One business with another"

The Postal Service says it will be dealing with its contractors as "one business with another."

That means, it adds, "a minimum of red tape, rewards for good performance and no business for poor performers."

Henry Lehne, assistant postmaster general, Bureau of Facilities, says the good performers will have a good market.

"Any system as large as ours has to be fed a lot of equipment and materials," he points out, and adds that the system also "is an expanding business" due to continual growth of mail volume.

"We," he says, "have a big appetite."

END

SYSTEMS FINANCE

your industrial needs with the

Kentucky PLAN



The Kentucky Systems Financing concept involves a merging of programs which form a unified package called **The Kentucky Plan.** It enables industrial executives to bring to their company low cost financing. This can free capital, lead to new facilities and increase production and distribution efficiency. To date nearly a billion dollars of financing has been provided for incoming Kentucky industry through the efforts of local Kentucky communities. Find out how new Kentucky industries were financed at attractive interest rates with Kentucky Industrial Revenue Bonds. West of the Rockies, call collect (502) 564-4270; East of the Rockies call on our WATS line: 800-626-2930, or write Paul Grubbs, Commissioner, Dept. of Commerce, NB-571, Frankfort, Kentucky 40601.

financial stability

Kentucky's Fiscal Management Provides the Stability Manufacturers Need to Make Profits

Currently, several States are in financial difficulty. To gain solvency, they must alter their tax structure and adopt other financial postures. In Kentucky, the balanced tax program offers continuing stability . . . and benefits all investments. Move to Kentucky and to fiscal reliability.

Get Maximum Distribution Efficiency

BUILD YOUR FUTURE IN **Kentucky**



LOUIE B. NUNN, Governor

Silver Bells, Cockle Shells—and Greenbacks All in a Row

If Mary's garden—or anyone's—grows a showier rose or tastier apple, here's how money is to be made

When Sen. George Aiken of Vermont grew a new type of strawberry in his garden, he did what millions of others have done with the results of their creativity.

He got a patent on it.

The Senator thereby joined the relatively exclusive group—now totaling some 3,100 out of the millions of professional and amateur farmers and horticulturists in this country—who have been able to meet the standards of a 1930 law extending patent protection to plants.

The average of 75 patents a year granted under that little known legislation compares with nearly 20,000 a year issued to inventors—a total of 3.5 million since the Patent Office was established.

The Plant Patent Act was intended to encourage development in agriculture in the same way the patent system spurred advances in industry and science by recognizing inventors' claims.

Roses are ahead

The first plant patent was issued on an everblooming, climbing rose and over 40 per cent of all the plant patents issued since have been on roses.

There are 1,321 patents for roses of almost every color, with large or small blooms, with and without thorns and with a wide variety of growing habits.

Trailing far behind in second place are peaches, with 187 varieties covered by patents. Chrysanthemums, with 172 patents, are next, while 90 varieties of apples have been patented.

Patents have also been granted on new varieties of lilies, irises, gladioli, pineapples, sugar cane and mushrooms.

To qualify for a patent, a new variety of plant must have been propagated asexually—through grafting, budding, cuttings, layering, division or a similar process—and not by seed.

The Patent Office says asexual reproduction is specified because it insures continuation of the new and distinct characteristics of the plant through succeeding generations.

The patent gives the developer exclusive rights for 17 years. Some operate their own propagation and distribution facilities, while others sell or license their patent rights.

One of the early patents was issued in 1936 to Frederic W. Anderson of Merced, Calif., a professional horticulturist who subsequently received 83 additional patents.

The eighty-fourth, awarded to him recently on a new variety of nectarine, was a landmark in the history of the Plant Patent Act. It was Number 3,000.

At 78, Mr. Anderson operates an orchard, half of which is devoted to plant breeding. He's now working on development of dwarf peach and nectarine trees.

He grew up near Luther Burbank, and was strongly influenced by the man whose work in developing hybrid plants made him one of the world's best known horticulturists.

Mr. Burbank died before the Plant Patent Act was passed but his estate since has obtained patents on 60 new varieties of plums developed by him over 40 years.

Not just for pros

While many plant patents cover the work of such highly skilled professionals as Mr. Burbank and Mr. Anderson, they have also gone to amateurs.

And, as in the case of the inventor who stumbles on a discovery, luck sometimes plays a part.

A farmer who found a peach seedling growing near his kitchen door thought it looked unusual, so he cultivated and pruned it.

In its fourth year, it bore large freestone peaches of superior quality.

So the farmer propagated the tree in a small, trial orchard. Not only did it produce the high-quality fruit in abundance but it also proved frost resistant. He obtained a patent, entered a marketing agreement with an agent and collected a royalty on every one of the trees sold.

An impulse led a man in a Southern state to stick into the ground a twig that had broken off an apple tree. It grew and eventually bore fruit far superior to that of the parent tree, as sometimes happens in natural "chance selection." Result: another patent.

Many plants that are patented have no commercial potential at all. But they might be disease resistant or have some other characteristic that can be passed on in the creation of new hybrids that can be marketed.

The files of the Patent Office give new insights into some well known personalities.

The late Harold B. Ickes, for example, is remembered by many as the no-holds-barred fighter for the New Deal, which he served as Secretary of the Interior.

But his hobbies in private life included growing dahlias and he obtained a patent on one variety he named for his wife, Anna W. Ickes.

END

Readers desiring additional information on plant patents may obtain two free booklets, "General Information Concerning Patents" and "Questions and Answers About Plant Patents," from the Commissioner of Patents, Washington, D. C. 20231.

CRACK FILLER

Flo-Joint® seals cracks and expansion joints in concrete and blacktop without heating. Dries in one hour to a non-tacky, elastic state which absorbs expansion and contraction. Prevents moisture infiltration which results in pavement damage. **Free 2-Gallon Sample.**

BLACKTOP SEALER

Squeege-Cote® is a high quality plastic treatment-sealer for all blacktop surfaces. It seals pores and cracks, giving a "like new" appearance to old pavement. Easily applied by brush or spray. Resistant to spillage of gasoline, oil, and solvents.

INSTANT FLOOR PATCH

Magic Floor® is industry's most durable heavy duty floor patching compound. It is extremely versatile —use for holes, cracks, expansion joints and wherever floors take a pounding from heavy traffic. Apply and roll. No trowelling or drying time. **Free 2-Gallon Sample.**



RANCO PRODUCTS ANSWER PLANT ROOFING/FLOORING QUESTIONS

WET ROOF PATCH

Wet Surface roof patching materials work on wet roofs, even during rain or snow. Anyone can make permanent repairs in just minutes. **Free 2-Gallon Sample.**

FAST BOLT CEMENT

Bolt Anchor Sulfaset® installs anchor bolts ready for use in one hour. Expands slightly as it sets. Mix with water and pour — no heating. Holds in excess of 110,000 lbs. Use for machinery, conveyors, guard rails, as well as anchoring to walls and ceilings. **Free 2-Gallon Sample.**

DRAIN CLEANER

Clearan® is a new, fast-acting sewer and drain cleaner. Formulated specifically for industrial use. It is composed of nearly 100% active ingredients, making it most economical to use. Weekly application prevents stoppages and eliminates expensive repairs.

CHUCKHOLE PATCH

Frigid Patch® repairs chuckholes at any temperature, even in the presence of ice and snow. Supplied ready-mixed. Just fill the hole and roll with truck or car wheel. No drying time. **Free 2-Gallon Sample.**

TROWELLED FLOOR PATCH

Fleet Patch® is the fast, durable, easy-to-use floor patch for all kinds of floors. It trowels to a smooth finish which matches surrounding concrete. May be used to repair spalled concrete or deep holes. **Free 2-Gallon Sample.**

FREE 2-GAL. SAMPLES

Ranco offers **Free 2-Gallon Samples** of many of its products to provide you an opportunity to see how they work in your plant, prior to buying. We sincerely wish to introduce our products to you in this manner. Simply check the products that you have application for on the coupon below and mail to us without delay. We know you will be pleased with their performance. In addition to your free samples, you will also receive our **48-page Roofing and Maintenance Catalog** containing answers to many roofing, flooring, and general maintenance questions.

ROOF SPRAY

The **Ranco Roof Spray Process** is the answer to economical maintenance of plant roofs. One labor-saving spray application of **Shield-Tite®** resaturates and resurfaces leaky roofs. **Ranco** loans the equipment **(value $1,310.00) at no charge,** instructs your workmen, and follows the progress of the job. By far, the most economical and efficient roof resurfacing procedure. No costly contractors, hot tar kettles, buckets, or mops. Cost less than 5¢ per square foot.



PLEASE SEND THE FOLLOWING INFORMATION:

☐ Wet Roof Patch	☐ Instant Floor Patch	☐ Drain Cleaner
☐ Blacktop Sealer	☐ Fast Bolt Cement	☐ Trowelled Floor Patch
☐ Crack Filler	☐ Chuckhole Patch	☐ Roof Spray

NAME_____ TITLE_____

COMPANY_____

ADDRESS_____

CITY, STATE_____ ZIP_____

RANCO INDUSTRIAL PRODUCTS CORP.
13251 Union Ave./Cleveland, O. 44120

He still works an hour for an hour's pay. He's an Iowan.

He's the kind of person who doesn't have to be told what to do . . . or watched while he's doing it. He's intelligent, well-educated, good with his hands . . . many like him have an agricultural background and are used to working with machinery. And for the past 25 years he and thousands like him have moved into industrial work. They've made Iowa plants among the most efficient in the nation . . . so efficient that 127 of America's top 500 companies now operate 516 plants in Iowa. For information on Iowa's quality work force, workers who **work**, write Iowa Development Commission, Dept. NB-5, 250 Jewett Building, Des Moines, Iowa 50309. Or phone 515-281-3251.

Iowa
a place to grow

Mike Motsinger, Monticello, Iowa



THIS MONTH'S GUEST ECONOMIST

Willard D. Arant
Corporate Economist
Swift & Co.



A YARDSTICK HAS TO MEASURE UP

Consider how much rides on the Consumer Price Index.

Wages and salaries of several million workers are tied directly to it through escalator clauses in labor agreements, and it influences most other compensation in some degree.

Rent, trust fund and alimony payments often are raised in line with it.

And, of course, government monetary, tax and spending policies are geared in part to price trends.

The importance of accuracy in such a statistic is obvious. The index should be kept up-to-date, so that it measures changes in the prices of what people are really buying today. The best of tools needs sharpening.

Updating is now under way at the U. S. Bureau of Labor Statistics, where the CPI has been published since its start a half century ago.

Revision is a massive job, and it has been undertaken only about once a decade. It will cost over $10 million this time, and require a total of five years. The revised index will become effective in January, 1975.

BLS' current index went into effect in March, 1964, and is based on consumer spending surveys made in 1960 and 1961. Thus, the market basket of goods and services priced each month for the index is essentially 10 years old, though BLS has made a few interim changes of items within major categories.

Much has happened to consumer incomes, tastes and life styles since that market basket was set up.

Commercial jet passenger service was new, then. Many of today's shoppers were in junior high school. More meals now are eaten away from home. The credit card revolution probably has affected buying.

People today spend about the same proportion of their income on housing and household operation as they did a decade ago. They spend relatively more on autos, personal care, recreation, education and foreign travel; relatively less on food, alcoholic beverages and tobacco.

When it comes to food, families buy more of the items that have risen least in price (especially poultry), and less of those that have risen most. So a modern market basket for the food group would rise less rapidly than the one now in use.

Weights of items in the index should be revised thoroughly at least once every decade, according to a 1961 report of the Price Statistics Review Committee, headed by Prof. George J. Stigler. "In addition," it said, "there should be smaller surveys (and weight revisions) at least every five years, concentrating upon the more volatile categories."

BLS has asked funds from Congress for interim consumer surveys, but without success.

Food surveys, however, have been made by the Agriculture Department (the last in 1965) and it also publishes annual data on per capita consumption of major edibles. It would seem possible to use these data for an interim revision such as the Stigler committee recommended.

The CPI, which measures changes in prices of goods and services bought by urban wage earners and clerical workers, covers only about 40 per cent of the population, although some of its uses involve the whole economy.

Therefore, a more comprehensive price index may be needed (the Stigler report recommended an index covering the entire population).

BLS is now considering a broader coverage for the revised CPI; it would take in the entire population except the highest and lowest tenths of families ranked by income.

The middle 80 per cent which would be covered would include people with higher incomes than are in the present index, but inclusion of luxuries they buy would not necessarily raise the index.

The CPI measures *change* in prices, so the real question is whether luxuries go up or down in price more than other goods. The inclusion of color television sets in 1966 did not raise the index, because prices of color TV consoles dropped as fast as prices of black and white consoles.

Inclusion of higher income people would raise the proportion of services, which have gone up more rapidly than the index and will almost certainly continue to do so. On the other hand, it also would increase the proportion of durable goods, which in the 1960s rose less than the index.

The proposal to broaden the CPI coverage of occupational and income groups should be examined carefully. If such a change would contribute an upward bias, and the index continues to be used to escalate wages, it would become another cog in the engine of inflation.

Managers of the CPI must decide not only on the who and the what of consumer spending, but also the where.

The Consumer Expenditure Survey, to be conducted in 1972 and 1973 in some 75 cities of various sizes, will provide data not only on what and how much people buy but also on where the index families do their shopping. This will indicate which stores should be used later in pricing for the index.

Important changes have taken place in channels of distribution in the past decade. Some are continuations of long-term trends, such as the movement of population to the suburbs, and the shift to chain stores and supermarkets. There has been emphasis on convenience and fast service to the auto-borne customer.

The saving to the consumer that comes from a shift from older, inefficient outlets to the newer types is never caught by the CPI, except insofar as the competition from the new outlets forces prices down in older ones.

Looking ahead, there will be more changes in buying and selling habits.

BLS will have its work cut out for it if it wants to keep up-to-date.

Our Troubled Courts: Two Views



An American legal scholar calls for fundamental change

BY PHILIP B. KURLAND

There can be little doubt that the American judicial system is on the verge of bankruptcy. We have this on the word of the Chief Justice of the United States and of other American experts. President Nixon calls for "genuine reform." And even our overseas cousins point to the deficiencies of our system by praising the merits of their own.

Unfortunately, most of the discussion on the subject of the failings of the American courts is essentially concerned with the symptoms rather than the underlying disease. Proposed changes will, to some degree, result in a temporary remission. But if nothing more is done there will be another, perhaps terminal, recurrence within a generation.

We have been through a similar cycle before.

The great cry for reform in the 1930s and 1940s resulted in the promulgation of the Federal Rules of Civil Procedure as a model for state courts and to replace the 49 disparate procedural systems under which the federal courts operated.

One of the important changes was the introduction of extensive discovery processes whereby each side would have access to the other side's case before trial. The unfairness of trial surprise would thus be eliminated and more cases would be settled without trial. Or, so it was thought. The result, instead, has been inordinate delay of trials to permit pretrial discovery.

Cases are tried twice—once before going into court and again after the actual proceedings begin; expenses have been multiplied; the wealthy client and the large law firm have been advantaged. There is little evidence that trials have been avoided, but there is much proof that the additional discovery processes have made for longer trials.

The same kind of change has resulted from many of the reformed rules of procedure with which the

---

PHILIP B. KURLAND *is a professor of constitutional law at The University of Chicago who has written extensively on the Supreme Court and is a consultant to the Senate Judiciary Subcommittee on Separation of Powers.*



A British solicitor compares his country's system to America's

BY DAVID NAPLEY

LONDON—There's something particularly objectionable about the fellow who flies into a country, scratches at the surface of its institutions and, whilst extolling the virtues of his own country, proceeds to lecture his hosts on how to run theirs.

There apparently are things that are wrong with the American judiciary system but I have no intention



The opening of a new British "law term" is observed ceremoniously.

courts have been blessed. I am not suggesting that the changes have not been, on the whole, desirable. I am saying that panaceas are hard to come by, especially via procedural reforms. Current reform proposals are directed to a modernization of the administration of the courts, in part by relieving judges of the obligations of administration and placing them in the care of professionals charged with that duty. There is hope that, by computerization of record keeping, etc., delay and other ills will be reduced.

None can reject the proposition that the long delay between arrest and ultimate disposition of criminal cases and between filing and trial of civil cases is most damaging to the law's potential use as a means for resolving disputes between individuals and between individuals and society. But the objective of eliminating that delay cannot be achieved by



American judges must make an ever-growing number of decisions.

here of criticizing it. Rather I will comment on the system in my own country and how the two compare. After all, both systems spring from the same body of Anglo-Saxon law.

It is common for criminal trials in America to extend over several months, and even years. In Britain it is common for them to be quite speedy.

A person accused and tried without a jury in our lower courts can expect his case to be concluded in three weeks. If he is tried by jury, the period can be up to three months.

DAVID NAPLEY *is a solicitor of the Supreme Court of England and Wales; a member of the Council of the Law Society and chairman of the Society's Standing Committee on Criminal Law and of its Legal Aid Committee; and chairman of the British Academy of Forensic Sciences. He has spent time in the United States observing its legal system.*

Courts here are not as liberal in granting adjournments as they are in America. An advocate [attorney] is expected to pass the case to another advocate if he cannot conduct it on the date fixed.

Two other factors speed our trials: 1, New procedures now enable statements of prosecution witnesses to be served on the defense, thereby, at the option of the defense, eliminating preliminary hearings; and, 2, rigid restrictions against publicity, outside the court's proceedings themselves, avoid delays which might be designed to condition public opinion.

In selection of juries, the American and British systems are vastly different, with the British system the speedier.

The voir dire procedure under which potential jurors are questioned is virtually unknown in England and Wales, where juries are generally impaneled in half an hour. In the United States, impanelment can require days or even months on end. English jurors are never cross-examined and infrequently challenged.

Still, resulting juries behave much as do American juries.

British advocates are expected to assist the court in attaining justice and avoiding delay, and the legal profession as a whole so performs. Judges see to this and a common question to a long-winded barrister is, "Where, precisely, are these questions getting us?" Such answers as, "To about the middle of my cross-examination M'Lord," do not deter His Lordship from speeding the trial.

The poor man's knighthood

Justices of the peace are of great aid in holding down case loads of British judges, for they process about 97 per cent of all criminal trials outside of London. JP's, who receive no pay, are laymen selected by the Lord



fiat, unless we disregard other values that we wish to preserve.

The Judicial Council of the United States Court of Appeals for the Second Circuit, in a ruling of doubtful constitutional validity, recently ordered that federal trial courts within its ken—those in New York, Connecticut and Vermont—dismiss criminal cases that are not brought to trial within six months.

Confession from the bench?

That is one way to cut the Gordian knot. But the question remains whether elimination of prosecutions for alleged criminal activities is consonant with society's needs. Unless the cases to be dismissed should never have been brought in the first place, the Second Circuit's approach is not a cure, but a confession of bankruptcy.

Sponsors of change often rely on two propositions that are really unhelpful.

The first suggests that we measure the courts' behavior in terms of the deficiencies revealed in trials that receive the greatest newspaper and television coverage.

But cases such as the trial of the Chicago Seven and the Manson trial are not typical. The lengthy process of impaneling juries, the behavior of counsel on both sides, the news media coverage, the inordinate length of the trial, the extraordinary delay between conviction and punishment, all caricature the judicial process. The proper concern must be not for the extraordinary case but for the ordinary one.

We could afford these aberrations, if the system were otherwise healthy. It isn't.

The second "red herring" is the suggestion that to solve our problems, all we have to do is adopt the English method of judicial proceedings.

Unfortunately, our problems are not the same as those of the British. Basic differences make it impossible to treat the two nations to the same form of judicial machinery. First, the British have an essentially homogeneous population; we do not. Second, the British have a centralized government; we are endowed with a federalism.

Our problems, especially those of appellate review, are complicated by the maintenance of two separate judicial systems.

Third, the British have a comparatively small litigation docket: Judicial proceedings in the state of New York alone far exceed the judicial business of all Great Britain.

Fourth, the British have proved able to use a layman-dominated justice of the peace system. Our JP system has proved a scandal again and again.

Fifth, we have a written constitution that constricts powers of change here in a way foreign to the British Isles. Thus, the home of the common law could abolish the jury in almost all civil cases, and the grand jury entirely, simply by parliamentary



Chancellor on the recommendations of local advisory committees. A legally qualified clerk—usually a solicitor—who sits with two or more JP's compensates for their lack of legal knowledge.

JP's can pass sentence to a maximum of six months on one charge and 12 months on two or more charges. They are on the whole well chosen, diligent and attracted to their appointments by a sense of duty. Appointments are sometimes facetiously called "the poor man's knighthood."

I am privileged to know Delmar Karlen, director of the Institute of Judicial Administration, Inc., in New York, who produced the invaluable volume called "Judicial Administration: The American Experience." Prof. Karlen admires our JP system. He observes that the JP's "give England a large reservoir of judicial manpower which can be tapped as needed. . . . They also contribute to public understanding and acceptance of the law, which in turn tends to prevent crime and so to cut down on the volume of prosecution."

Chief Justice of the United States Warren E. Burger also speaks well of our JP's.

However, a refinement of the system was embodied in a recommendation by the Council of the Law Society which governs the 22,000 solicitors of England and Wales. The Council called for appointments of legally qualified chairmen to sit with two lay justices, thus combining with a knowledge of the law and the necessary articulation the basic common sense of the ordinary man.

Now, allow me to comment on appeals.

In America the disposal of a case can be excessively protracted by an interminable number of appeals. Prof. Karlen points out the appeal from a trial court might go first to the state appellate division, then to a federal court of appeals, then finally to the U. S. Supreme Court. Criminal appeals often result in new trials, and, to quote Prof. Karlen, "after a man has . . . appealed his case as far as he can go . . . he can test whether he is being illegally detained" and proceed all the way to the top once again.

This may take several years.

Facilities for appeals in England and Wales are, by comparison, singularly restricted without the slightest indication that the quality of justice is impaired.

Here, an appeal against conviction of sentence rests with Quarter Sessions.

These courts are presided over by either a legally qualified chairman or recorder. The courts meet—as their title implies—quarterly each year. About two months will see a case

action. It would take constitutional amendments to achieve the same changes here.

By all means, we should adopt the reforms that Chief Justice Warren Burger and retired Justice Tom Clark, among others, are advocating. We can computerize our courts and professionalize their administration. We might even use six-man juries. But we should not be misled into belief that these changes will result in a cure.

Two underlying problems will remain untouched by the proposed changes and these, also, must have our immediate and serious attention.

Too much to do

The first derives from the fact that we have expanded the judiciary's task beyond its capacity to perform. I am not talking only of volume but of substance as well.

If there is a social problem of alcoholism or drug addiction, our answer is to make these activities criminal and thrust the resolution of the problem on the courts. Drunks and narcotic addicts probably consume more judicial time in the central states than all criminal cases do in England.

We expect miracles and when they are not performed, we simply add more laws. Is tax collection a problem? Turn the courts into collection agencies through the criminal processes!

In England the number of criminal prosecutions for revenue act violations each year can be counted on the fingers of both hands. Ours number in the thousands.

Too often, we turn over to the courts the problems that the other branches of government find insoluble. And we clog the courts with functions they cannot perform. If the government does this, so too do the individuals who are the subjects of government action—businessmen along with less affluent citizens.

There is no government regulation or action that today is not subject to challenge in the courts. And many of them are challenged. The English do not afford judicial review to anywhere like this extent. But our Supreme Court thinks the Constitution commands it.

And too often, as revealed by the school desegregation cases, we tend to confuse a judicial decree with a solution to the difficulties. We must, therefore, pay closer attention to what functions the courts can and should perform.

The second basic difficulty may be even more important. Certainly, we are in need of a professionalization of the judicial process, starting with the judiciary itself.

Most of our judges are appointed or elected not because of their capacities to perform the judicial role well but because of their services to the dominant political party. A Senator selects the federal judges in his state, usually on a patronage basis. And the Senate as a whole ordinarily acknowledges this prerogative by paying less attention to the confirmation process of a federal judge than to the price of bean soup in the Senate restaurants.

At the state level, the dominant

---

brought, decided, appealed and settled.

One point of further interest: In an average year, Quarter Sessions will hear 9,000 appeals.

As useful as Quarter Sessions have been, they are likely to be eliminated. Legislation has been introduced to create Crown Courts, which will take over—on an improved but not slower basis—the functions of Quarter Sessions.

In addition to trial by jury at Quarter Sessions, both civil and criminal cases are tried on Assize by High Court judges.

Assizes have roots deep in England's history. They are the means whereby the King's justices have toured the land, holding court in various towns.

In modern times, the system has proved unsatisfactory. For a number of reasons, delays and inconveniences have resulted in regard to the civil list of cases. Frequently, a judge must move on to the next town on his circuit without concluding the civil list. As a result, litigants, witnesses and advocates have to follow, without any assurance that there will be time to present their cases.

It is not surprising that the death knell of this procedure has been sounded. Shortly, these courts will be replaced by local Crown Courts sitting in two tiers—a higher court with visiting High Court judges and a lower one with permanent appointees and some part-time judges.

Other appeal routes are open, but in each a final decision is not long delayed.

On questions of law, an appeal can be made to the Divisional Court of the High Court. Three High Court judges preside.

In criminal cases, there is a right of appeal from lower courts to the Court of Appeal, which is presided over by the Lord Chief Justice and two High Court judges. Until recently the number of appeals was running at about 1,000 a year. But only 16 to 18 per cent of applications for leave to appeal were granted, of which half were abandoned.

Finally, there are rights of appeal from the Court of Appeal and from the Divisional Court to the House of Lords—which serves as the highest appellate tribunal in the land. But such appeals are few and restricted to points of law of general public importance.

I will cite two recent cases involving charges of homicide in which I was concerned on behalf of American citizens. One case was carried from arrest to the House of Lords—through the whole process—in under nine months. The other was disposed of at trial within three months of the original arrest.

A standard of integrity

The English judicial system largely meets the requirements set forth by Chief Justice Burger that neither



party generally chooses nominees for local judgeships without regard to intelligence, legal capacity or judicial temperament, but with emphasis on party service and on racial or ethnic background.

The American judiciary is essentially manned by those with no special competence for the job, but with deep obligations to those who have been kind enough to secure posts for them which often are regarded as sinecures.

If we would emulate the British, here is where we should do it. The Queen's counsel from whom the High Court judges are chosen are not the same kind of political animals who populate our courts.

They are trained and proven lawyers, usually appointed for their competence. Their populace expects no less. Ours condones mediocrity and worse.

It was not much more than a century ago that the royal judgeships were elevated beyond the processes of patronage and purchase. The time has come for us to take similar action.

The extensive jury selection process in this country, our multitudinous appeals, and the unwillingness to give up the jury system are in no small measure attributable to a warranted distrust of the judiciary.

The sloppy nature of trials and the misbehavior of counsel may be attributed to the fact that judges are neither allowed to, nor capable of, controlling the trial proceedings.

Professionalized police

If and when the judiciary is converted into competent jurists committed to performing their tasks well, we shall have achieved the most important reform of all. The others could easily follow.

Improvement of the judiciary, however, will not be sufficient. Professionalization of administration of criminal justice must extend even further. For we certainly need a professionalization of the police as well.

No single group is suspect of more law violations that are not subject to judicially imposed punishment than the police themselves.

Because we do not trust the police to stay within the bounds of propriety that the law dictates, we have resorted to a rule of reversing a conviction, without regard to the defendant's guilt, if it is shown that in the course of investigation, arrest or prosecution, the defendant has been the victim of police lawlessness.

We call this the exclusionary rule. And an extraordinarily large percentage of the criminal appellate and postconviction business that comes to the courts derives from this rule.

The English do not have it. They do not think they need it. Either police standards of behavior are more professional there, or the inhabitants of that country think them to be so. We know ours are not.

Until they are, the problem of the burdens placed on the courts by



laws nor the Constitution are too sacred to change, and that decisions of judges are not Holy Writ.

The maintenance of the system here depends materially—as it does elsewhere—on a high standard of integrity within the legal profession.

An American magazine last summer said that turning the delay, confusion and overcrowding of courts to the advantage of their clients is the business of private defense lawyers. It proceeded to quote a defense attorney as explaining—not in the least apologetically—how he had hoodwinked justice by various stratagems to achieve delay.

Here, it is unthinkable that delays are in any way attributable to deliberate tactics of defense lawyers. Any lawyer guilty of such conduct would soon find himself without a profession.

The lawyer is a spring for the fountain of justice. If the water is fouled at the source, the fountain will be impure.

Our high standard depends on a spirit which has been engendered over many years and a discipline which is fostered in the higher courts, before which only barristers can practice, and in all the other courts—before which both barristers and solicitors can practice.

Look, if you will, at the record of solicitors. Ninety-eight per cent of all criminal trials take place in lower courts. These cases depend heavily on solicitors both for prosecution and defense. I find it difficult to recall a case coming before the Disciplinary Committee of the Law Society involving improper trial conduct by a solicitor.

The legal profession is more divorced from the initiation of criminal charges in this country than it is in the United States. We know nothing of public prosecutors taking part in investigations; unlike in the United States, investigation of crime is the sole purview of the police.

In most of Britain, a solicitor or barrister may be on the side of the prosecution one day and on the defense side the next.

Happily, we feel that the lawyer's disassociated position tends to diminish his interest in the outcome of proceedings.

"Contingencies" ruled out

We are happy too that professional rules prohibit him from participating in the fruits of civil litigation on a "contingency fee" or "percentage" basis—thereby removing an unhealthy incentive to secure victory at any cost.

Bargaining between defense and prosecution attorneys over defendants' pleas is common in America.

However, few if any English law-



Land.

It's not just room for your company to grow. In Georgia, it's room for your family to grow.

And it's something else: 25,772,200 acres of timberland. Industrial sites near interstates, rail lines and airports. Deepwater frontages. And 44 state parks for camping, fishing and relaxing.

There's so much to tell about Georgia, that we've retained the Fantus Company to pull all the profitable facts together for you. And our Computerized Site Selection System can quickly match your site or building requirements with every available location in Georgia. Just send us the coupon. We'll send you the groundwork.

Georgia, the unspoiled.

Georgia Department of Industry & Trade, Industry Division, Dept. NB-4, P.O. Box 38097, Atlanta, Georgia 30334

Please send me free information on my company's potential for profit in Georgia.

Name_____ Title_____

Company_____

Address_____

City_____ State_____ Zip_____



Milwaukee...by Willy Mucha, Chevalier de L'Ordre des Arts et Lettres.

Milwaukee... Great Lakes port and manufacturing center. Prosperous. Growing. A long-time friend...a Phelps Dodge city where we help it happen.

You'll find us at work everywhere in Milwaukee. Phelps Dodge magnet wires, for example, are vital to the city's thriving electrical apparatus manufacturers. Used for the windings of motors, generators and the like, they come finer than a human hair or as big as your finger...are noted for their sophisticated, very thin, yet tough and flexible insulations.

You'll also find hundreds of other Phelps Dodge products at work. Our copper pipe and tubing carrying gas and water...our copper alloy condenser tubes, high- and low-voltage wire and cable, telephone and coaxial cables, communication antennas, bronze valves and fittings, our copper mill products and bushings.

Look closely in Milwaukee...all across the country...you'll find Phelps Dodge at work.

phelps dodge
Copper Aluminum Alloy Products



Typically, there is overlong delay before a verdict is rendered.

criminal cases will not be alleviated. Almost all the Warren Court's criminal procedure decisions so lamented by the forces for law and order derive from actual or suspected police wrongs.

In sum, we must restore responsibility in the administration of justice.

And we must restore legislative and executive responsibility no less than judicial responsibility, so that the first two branches of government do not shirk their obligation and, by delegation and abdication, leave to the judiciary the attempts to solve the social ills of our time that are clearly beyond judicial competence.

I am fond of repeating a dictum of Justice Felix Frankfurter, but I become less sanguine about its effectuation with each passing day.

He once said: "Fit legislation and fair adjudication are attainable. The ultimate reliance of society for the proper fulfillment of both these august functions is to entrust them only to those who are equal to their demands."

Amen. END

yers would adopt this proposition save in exceptional circumstances. Plea bargaining rarely occurs, and then only where the prosecution is convinced there is serious doubt that a jury will return a verdict of guilty on the more serious charge.

Moreover, a court will never accept a plea to a lesser charge without either knowing the nature of the available evidence or, at least, being satisfied that the interests of justice and of the public will be met.

A defendant on bail may await trial in London as long as a year between committal and trial. The reasons for this are twofold. First—Britain, in common with other nations, is experiencing an increased volume of crime. Second—since 1947, the granting of free legal aid has been considerably liberalized.

Accused persons contest cases more readily when the expense is not being borne from their own pockets.

Here, civil legal aid (unlike criminal legal aid) is administered by the Law Society, and not the courts. All applications are scrutinized by committees of lawyers who serve for nominal pay.

The system works admirably and the principle under which it operates is no less admirable. Even though an applicant has a case worthy of argument before a court, legal aid is refused unless the committees are satisfied that a person of reasonable but not superabundant means would have spent his own money on bringing such a case.

Although at the conclusion of a criminal trial in England and Wales a defendant who has received free legal assistance can be ordered to contribute to the cost of his defense, it is fair to say that, unlike in the civil procedure, this aspect has not proved a success. Few accused have anything to contribute, and if they have, the money is difficult to obtain—especially if they are in prison.

Chief Justice Burger has rightly stated that swift determination of guilt may be the way to reduce crime. However, England and Wales have for many years boasted a relatively speedy disposal of criminal cases, and yet the annual number of serious ones cleared up has increased threefold between 1950 and the present. The best that can be assumed therefore, is that the situation might have been worse had justice been slower.

The middle way

On the other side of the coin, a slower inquiry which is just may be preferable to a speedy disposal which is inadequate—even though, from the viewpoint of the accused, "Justice delayed is justice denied."

As in most things, the desirable is found in the moderate, midway course, where unnecessary delay is eliminated but sufficient time is allotted to insure that justice is manifestly done. END

Age Is All the Rage



There is a bull market in antiques.

A Gerdago bronze that sold for $50 three years ago is now valued at $600.

A pair of Tiffany bronze candlesticks that went for $80 in 1967 now goes for $300.

A small Russian enameled silver compote worth $120 six years ago is now for sale at $1,300.

A set of garishly tinted glass bowls sold a half-century ago at a carnival for 65 cents is now worth $150. You probably could have picked it up seven or eight years ago for a couple of dollars.

This surge in values is one reason why antique collecting can no longer be classified as simply a hobby, nurtured by nostalgia and reverence for the old, rare and/or beautiful, says Norman Crider, director of New York's Antiques Center of America.

There are some 25,000 antique dealers in the country and the industry's volume has been estimated at $750 million a year.

Along with buying and selling of antiques, which by definition are 100 or more years old, there is a huge business in "art nouveau," concerned with the artifacts—and almost anything else that is collectible—from the very late Nineteenth Century.

And specialized collecting has become a tremendous business as thousands buy and keep bottles, buttons, old eyeglass frames, posters, "camp" items like Mickey Mouse watches, etc.

In the Antiques Center of America, which is located in mid-Manhattan, there are 110 separate specialty shops, with wares ranging from objects of the ballet and theater to bronze, silver, glass and just about anything you can think of.

By-product of prosperity

Mr. Crider and Robert J. Mehlman, the Center's director of exhibitions, view the rage for collectibility as a spin-off from the nation's affluence.

"With prosperity comes culturization," says Mr. Mehlman.

"Publicity has an effect, too. People read about a piece of Ming blue and white porcelain that, 25 years ago, cost $400 and now sells for $40,000. That's a pretty terrific return on an investment."

Mr. Crider emphasizes collecting involves pleasure as well as business.

"You live with antiques," he says. "You enjoy them. You don't really live with stock certificates."

All types of people, of all ages, are buying antiques and art nouveau.

"An awful lot of young people are buying," says Mr. Mehlman. "They go on the theory they would rather have one or two things they really enjoy than the 'room full of furniture on the easy budget plan'."

Generally, he says, someone making $15,000 a year will shop primarily for items in the $200 to $300 class.

"A man making $40,000 a year shops for the higher priced items."

Robert Koch, a professor at Southern Connecticut State College and an expert on Louis B. Tiffany, the glassmaker, works at his wife's shop in the Center between semesters.

"You have to train the eye to really know and appreciate antiques," he says. "There's a visual thing."

Anyone who is serious about antiques makes it a point to learn about his particular interest, be it furniture, glass, bronzes or what.

No rush

"You never really rush to buy," says Mr. Crider. "This is a business where you really shop. You talk for hours with dealers, read books, go to shows and exhibits. You become pretty knowledgeable in a hurry."

Prices for Eighteenth Century American furniture have skyrocketed in the last couple of years; Seventeenth Century French furniture reached a price peak a few years ago.

Mr. Crider thinks there are going to be big surges in Oriental art, in English furniture of the Regency, William IV and George IV periods and—down the road—Italian furniture of the late Eighteenth Century.

Antique dealers are just as big collectors as anyone.

Sidney Wordell, who operates a shop in the Center, confesses the "sold" sign on a silver-plate bronze is there to ward off prospective buyers.

"I'm keeping it," he says. "Besides, it's worth $1,500 now and in two years or at the most three it will be worth $4,000." END

Nation's Business Books

A new readers service of a carefully selected group of relevant books from the finest publishers in the country. Nothing to join and no obligations. Simply choose your titles, fill out the coupon, and take advantage of your subscription discount. (The business titles are tax-deductible.) Payment must be sent with order.

725 THE PROFESSIONAL JOB HUNTING SYSTEM: Worlds Fastest Way to Get a Better Job by the staff of Performance Dynamics. A professional program for getting a better job in the $10,000 to $60,000 range in all fields. Includes a complete list of contacts to make, incredibly effective letters and resumes.

Regular price: $14.95 Your price: $11.95

504 THE TURNED-ON EXECUTIVE: Building Your Skills For the Management Revolution by Auren Uris and Marjorie Noppel. Meeting the challenge created by the technological computer automation revolution and the management revolution.

Regular price: $7.95 Your price: $6.40

350 THE MANAGEMENT GAME: How to Win With People by Richard M. Greene, Jr. "Must" reading for managers who want to solve their people problems or prevent their occurrence.

Regular price: $6.95 Your price: $5.55

003 THE EFFECTIVE EXECUTIVE by Peter F. Drucker. The leading management thinker now addresses himself to the executive role in the age of the computer and analyzes the practices the executive must master in order to be truly effective. The measure of the executive is the ability to "get the right things done."

Regular price: $5.95 Your price: $4.75

178 THE PRACTICE OF MANAGEMENT by Peter F. Drucker. A study of the most important function in American society. The most penetrating analysis yet made of business management. It is likely to lead traditional economists the world over to re-examine their theories and businessmen to re-study their roles.

Regular price: $7.95 Your price: $6.40

179 MANAGING FOR RESULTS by Peter F. Drucker. Isolating the qualities that distinguish creative management and translating them into practical counsel for the executive, Mr. Drucker shows the executive what to do to move his enterprise forward and make it prosper.

Regular price: $6.50 Your price: $5.20

676 THE POLITICS AND ECONOMICS OF PUBLIC SPENDING by Charles L. Schultze. The rigorous, analytical techniques in the designing and financing of governmental programs; the strengths and weaknesses. A Brookings Institution report. Paperback.

Regular price: $1.95 Your price: $1.55

503 MANAGING THE NEW GENERATION IN BUSINESS by Thomas F. Stroh. An optimistic, hard-hitting analysis of the assimilation of the new generation entering the business establishment. The author attacks both sides by pointing out the means by which the entire establishment system can be improved by the contributions of each side. The book challenges many popular management theories.

Regular price: $8.95 Your price: $7.10

359 COMMUNICATING THROUGH LETTERS AND REPORTS (4th Edition) by J. H. Menning and C. W. Wilkinson. An excellent guide and aid for improving written communications in business—the area of communications in which most people feel the greatest need for help.

Regular price: $14.00 Your price: $11.20

029 THE PUBLIC SPEAKERS TREASURE CHEST by H. V. Prochnow and H. V. Prochnow, Jr. A compendium of source material to make your speech sparkle. Contains jokes, witticisms, epigrams, amusing definitions, quotations and colorful phrases.

Regular price: $5.95 Your price: $4.75

410 THE SPEAKERS DESK BOOK compiled and edited by Lawrence Hembree and the staff of *Quote* magazine. A handy reference guide for all occasions—more than 5,000 choice epigrams, nearly 1,000 anecdotes (all arranged, classified and indexed under quick reference readings), plus 100 pages containing "Jewels of Thought" —the most frequently quoted masterpieces.

Regular price: $4.95 Your price: $3.95

702 THE PERSONAL INVESTMENT GUIDE for Executives and Professionals by Martin L. Schulman. A valuable book for those with disposable funds and the desire to develop a capital estate.

Regular price: $15.00 Your price: $11.95

357 THE LACY TECHNIQUES OF SALESMANSHIP by Paul J. Micali. A dynamic book describing the fabulously successful "Hot Button" techniques, developing a winning sales personality, closing a sale, overcoming objections, the golden formula of super salesmanship and much more.

Regular price: $8.95 Your price: $7.10

675 SETTING NATIONAL PRIORITIES: The 1972 Budget by Charles L. Schultze and others. An examination of the problem of setting priorities and choosing among alternative public programs. A report from The Brookings Institution. Paperback.

Regular price: $2.95 Your price: $2.35

502 HOW TO MAKE MONEY WITH MUTUAL FUNDS by David L. Markstein. A clear, concise guide for the experienced as well as the beginning investor to the seven basic types of mutual funds available. History, profitable use of funds for a variety of goals, how funds are affected by market cycles and selecting the right funds at the right time.

Regular price: $7.95 Your price: $6.40

358 MANAGING YOUR HEALTH: Profits Without Losses by Clement G. Martin, M. D. A warm, witty and wise book which discusses many ailments which afflict every businessman at one time or another. Also, the means of preserving health.

Regular price: $6.95 Your price: $5.55

059 THE INTERPRETATION OF FINANCIAL STATEMENTS by Benjamin Graham and Charles McGolrick. Second Revised Edition. A standard work for all who want to understand corporation balance sheets and income statements.

Regular price: $3.95 Your price $3.20

501 MANAGE MORE BY DOING LESS by Raymond O. Leon. An important guide for executives on all levels and in all functional areas who want to realize their full managerial potential. Focus is on the distinction between managing and doing.

Regular price: $10.95 Your price: $8.75

322 THE FINANCIAL EXECUTIVE'S HANDBOOK by Richard F. Vancil. The most comprehensive professional reference book. Immediate access to the experience, knowlege and judgment of more than 100 financial authorities.

Regular price: $27.50 Your price: $22.00

NATION'S BUSINESS BOOKS
P O Box 2772, Clinton, Iowa 52732 NB571

Please send the book(s) whose number(s) I have circled below:

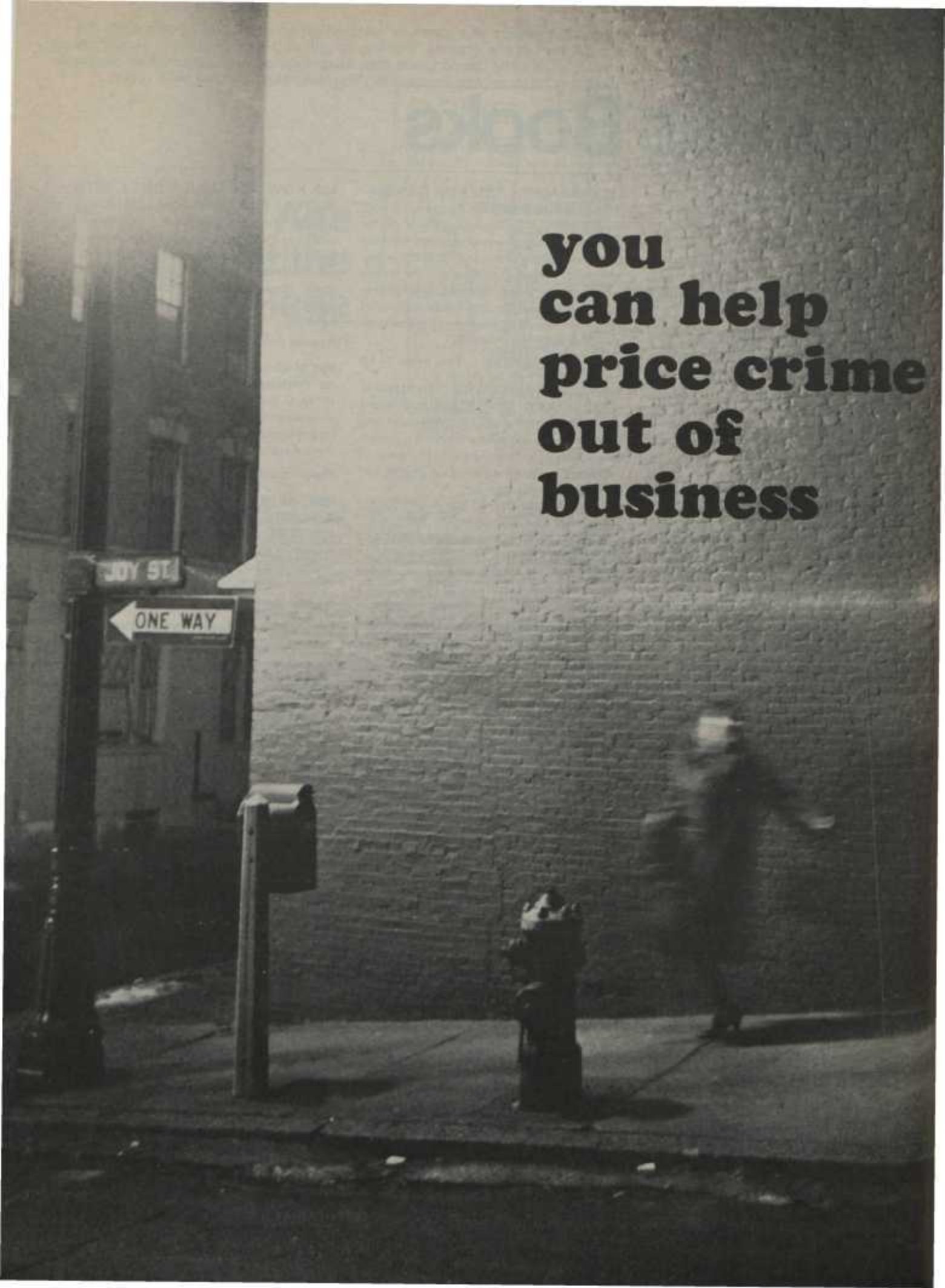
003 029 059 178 179 322 350
357 358 359 410 501 502 503
504 675 676 702 725

Name_____

Address_____

City_____ State_____ Zip_____

I enclose $ . . . . . plus 35¢ for postage and handling. For all District of Columbia deliveries, please add 4% sales tax to the cost of the book(s). Please Note: When ordering more than one book, the volumes may arrive in separate packages on different dates.


you
can help
price crime
out of
business
JOY ST
ONE WAY

The Chamber of Commerce of the United States has held fifteen urban-action forums on crime around the country—from New Jersey to Long Beach, from Orlando to Oakland.

Purpose . . . to improve the quality of life in the cities.

Crime and fear of crime ranked as the number one problem at these forums.

The businessman wanted to know what to do about solving crime in his own community.

Result . . . publication by the Chamber of Commerce of a know-how book, "Marshaling Citizen Power Against Crime," describing how you can go to work where you live to improve your criminal justice system:

Your Police • Your Courts • Your Correctional System

For additional facts—write or call Wayne Hopkins, National Chamber Specialist for Crime Prevention and Control
A C 202 659-6175,

or you may want to order the following publications:

Marshaling Citizen Power Against Crime (2237)	$2.00
Desk Book on Organized Crime (1824)	2.00
Violence Against Society (2280)	3.00

(bulk rates available)

Chamber of Commerce of the United States
1615 H Street, N. W.
Washington, D. C. 20006

INDEX OF CRIME 1969[1]
(Individual Incidents)

Total Crime	**over 7,000,000**
Violent Crime	655,061
Property Crime	4,334,686
Murder & Non-negligent Manslaughter	14,587
Forcible Rape	36,470
Robbery	297,584
Aggravated Assault	306,420
Burglary	1,949,843
Larceny $50 & over	1,512,913
Auto Theft	871,934
Policemen Killed	86
Number of Bombings[2]	602

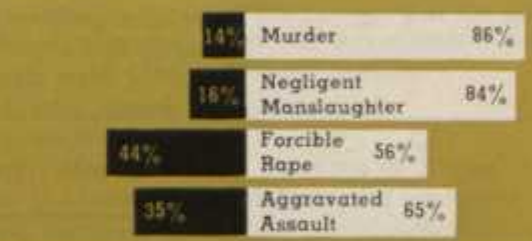
There has been an 11% increase in crimes committed in 1970 over 1969.[3]

It has been estimated that the volume of unreported crime can range up to nine times the amount of reported crime.[4]

[1] *Crime in the United States*, FBI, August 13, 1970.
[2] *Violence Against Society*, Chamber of Commerce of the United States, 1971, p.7.
[3] *FBI 1970 Preliminary Annual Release of Crime Index Trends*, Mar. 29, 1971.
[4] *Marshaling Citizen Power Against Crime*, Chamber of Commerce of the United States, 1970, p.9.

CRIMES CLEARED BY ARREST 1969[1]
(Latest data available)

Against the Person



Against Property



An effective criminal justice system at the local level which has the knowledgeable involvement of businessmen could help clear more of these crimes.

[1] *Crime in the United States*, FBI, Aug. 13, 1970.

BUSINESS A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

The higher-yield hybrid crop plants fueling the Green Revolution may lead to massive crop failures, warn some agriculture experts.

The National Research Council states, "It is likely that a number of major food crops rest on a dangerously narrow genetic base."

This means individual plants in a crop are likely to be uniformly vulnerable to a disease. Case in point is the damage last year to the feed corn crop by a mutant of Southern leaf blight. The Council has a study launched on that problem, and plans to look at sorghum, wheat and rice.

Still the war against hunger goes on and such eminent scientists as Nobel Prize winner Dr. Norman E. Borlaug, developer of high-yield dwarf wheat, urges a "bold program" of intergenetic crosses to improve cereals and legumes. He proposes research on corn and sorghum, wheat and barley, and wheat and rice.

CONSTRUCTION

The morass of differences in regulations that impedes the construction industry may be cleared up in a few years.

Variations in building codes pose a particularly acute problem for firms manufacturing housing. But action is under way to gain uniformity. New state laws are being drawn that would take precedence over local codes when there is conflict.

Seven states now have industrialized housing laws: California, Connecticut, New York, North Carolina, Ohio, Virginia and Washington. Forty are working on legislation to establish systems for state-wide uniformity in all types of construction.

The National Conference of States on Building Codes and Standards says the current crunch may bring standardization in the housing field in about five years, and in all construction by 1977.

FOREIGN TRADE

Free trade advocates are citing figures which they say should reassure those who fear the U. S. economy as a whole is suffering from an onslaught of imports.

Though it's true that imports have risen, they say, the U. S. is far down on the list of nations when comparing imports as a percentage of gross national product.

Total imports in the U. S. last year were 4.4 per cent of GNP.

But in the Netherlands, they were 46 per cent of GNP; in Sweden, 27; Canada, 21.3; United Kingdom, 19.4; Australia, 17.8; France, 13.7; Mexico, 10.6 and Japan, 9.8.

While tariffs have tended generally to go down throughout the world, nontariff restrictions have increased. Trade experts point out that a higher percentage of industrial product imports are subject to quantitative restrictions in this country than in any other leading industrial nation.

MANUFACTURING

From gigabits to clothing, the laser is going to be a significant factor in business.

Bell Telephone Laboratories scientists are now able to transmit one billion bits of information (a gigabit) in one second by laser. That's the equivalent of 200 novels.

But the exotic device is also coming into use for more mundane tasks. One of the latest applications is in apparel manufacturing. Genesco, Inc., recently demonstrated a computer-directed laser cutting machine developed by Hughes Aircraft Co.

The machine "burns" the material, rather than conventionally cutting it. Fabric for a single garment at a time is cut to a pattern programed into the computer. It's all done with high speed and exceptional accuracy —to a tolerance the width of a single thread with no errors. The prospect: more uniformity in sizes and thus fewer alterations.

CREDIT AND FINANCE

The resurgence of the stock market is not expected to slow the rapid growth experienced in the past five years by the commodity futures markets.

Last year the U. S. Department of Agriculture's Commodity Exchange Authority reported about 11.6 million transactions valued at $107.1 billion, a 33 per cent rise over the 1969 level.

Authority Administrator Alex C. Caldwell sees continued growth, which he predicts will be spurred by new markets and expansion of existing markets to trade in other futures. Opening of a new market that would trade in coconut oil is reportedly being contemplated in San Francisco, Mr. Caldwell says, and the Minneapolis Grain Exchange is considering adding frozen pork bellies to its other futures.

In some brokerage circles there is confidence that participation by mutual funds specializing in commodities will grow, but Mr. Caldwell detects no strong movement in this direction.

ENVIRONMENT

Noise pollution is going to get more attention in the future, but many industries are way ahead of the environmentalists on this one.

For example, tires are becoming quieter. One big contributing factor is the computer.

Firestone Tire and Rubber Co. engineers are using a sophisticated computerized system that determines the size of the various elements in a tread design so noise factors can be kept at a minimum. The test treads are cut to a tolerance of one hundredth of an inch.

Up ahead is the cordless molded tire, which Firestone officials say is completely uniform and thus quieter. The tire is made by squirting heated liquid rubber into a precision mold.

Meanwhile, the Automobile Manufacturers Association has a $150,000 research study aimed at tires and other noise-producing parts of motor vehicles, such as engines, transmissions and mufflers.

And the trucking industry, according to the American Trucking Association, has launched an "all-out internal campaign against all forms of pollution," including noise.

In the past the antinoise focus has been on the inside of the vehicle. But the growing emphasis on the environment means equal attention for the outside.

MARKETING

Defense and space contractors are getting a break that may allow them to keep millions of dollars in profits that otherwise would be claimed for the U. S. Treasury by the Renegotiation Board.

Last year the Board required contractors to pay back $33 million. In addition, contractors voluntarily refunded $18 million.

The Board, an independent agency, has authority to review annually a firm's performance and judge if excess profits have been made. Contractors either accept the determination or go to the U. S. Tax Court.

In the past, the Board did not reveal to a contractor the performance evaluation made by the procurement office of the government agency involved—or in the case of a subcontractor, by the prime contractor.

The reports were held "confidential." If unfavorable, the Board orally advised the contractor, who based his rebuttal on that sometimes-inadequate information. Now the contractor gets a copy of the report and can make a more effective defense.

TRANSPORTATION

This may be the month businessmen learn details of the Department of Transportation's proposed national policy on transportation.

The Department's report to the President is nearly two years overdue. Unofficially, the reason given for the delay is the press of more immediate business.

This is small comfort to the transportation industry and interested trade associations. Reportedly, industry experts have not been asked to comment on the policy statement being framed for the President, though some of them say industry inputs in the framing stage would insure a better balance.

A policy is needed in order to solve the over-all transportation problem, experts say, but some fear that due to the complexity of the problem and subject—transportation covers about 20 per cent of the gross national product—the end result may be too generalized.

EDITORIAL

A TRUE FABLE FOR TODAY

Once upon a time, not so long ago, a big, beneficent government discovered that birds called trumpeter swans were having trouble coping with the modern world. Their numbers were dwindling. They were downright disadvantaged.

So naturally, the government (not ours) decided to take care of the swans. It gave them all the things a swan has the right to expect—food and shelter and tender, loving care.

Today there are plenty of trumpeter swans. But they're still a problem. The swans have grown so accustomed to government taking care of all their needs that they no longer know how to take care of themselves.

Now a few flocks of the swans are going to be relocated to see if they can learn to take care of themselves again.

Moral: What swans trumpet, let men heed.



Whether you're the operator of a big fleet or the owner-driver of a single truck, Ford's better ideas, in every model, can help cut your operating costs.

Better ideas for the driver make his working time more pleasant and more productive. Better ideas for reliability give components greater durability and help keep Ford trucks on the job earning money.

Better ideas for maintenance increase roadtime by getting your Ford trucks back on the job faster whenever they come in for scheduled service.

Ask your Ford Dealer to show you how better ideas can mean more roadtime, less downtime in your own truck operations.

The big ones with the better ideas.

FORD HEAVY-DUTY TRUCKS Ford

Inventiveness

Why men who don't work for Continental Assurance made it the 16th largest life company

Independent insurance agents work for you—not us. They look for more ways to make your business and personal insurance program fit best. They look to us to invent the new and different life, health, retirement and group insurance plans needed. For one example, our new Comp-U-Term® lets your agent structure exclusive benefits and premiums to suit only you, as if he had his own insurance company. Insurance inventiveness—why insurance pros like to choose Continental Assurance from over 1800 other life insurance companies.

Continental life Assurance

No. 1 choice of insurance pros



CONTINENTAL ASSURANCE CO. ALL FORMS OF LIFE, HEALTH, RETIREMENT AND GROUP INSURANCE PLANS. CHICAGO, ILLINOIS 60604 © 1971 a CNA insurance service